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

CHARLES KESTENBAUM

Interviewed by: Mark Tauber
Initial interview date: July 6, 2023

INTERVIEW

Q: Okay, today is July 6, 2023, and we're beginning our interview with Charles Kestenbaum. Charles, where and when were you born?

KESTENBAUM: I was born in New York City, in Queens on May 17, 1952.

Q: Okay. How about the rest of your family brothers and sisters, your parents and so on?

KESTENBAUM: Yeah, we're all New Yorkers. My brothers, I have an older and a younger brother. We were all born in New York and grew up in Scarsdale, New York. My father was a dentist on 52nd and Madison Avenue. We were a very happy family. We grew up in Scarsdale. I had a very happy childhood. We did very well, we were among the only ones in Scarsdale that didn't have a swimming pool.

Q: Okay. As you're growing up in Scarsdale, is it large enough to have neighborhoods? In other words, how would you describe the town, the city? What was it like back then?

KESTENBAUM: It was more rural, obviously, in those days, although it became a very much commuter suburb where everybody drove or trained to work in Manhattan. It was the higher end income levels of the suburban area there, Northern Westchester, north of the city. We had lots of access to New York, and all the life and activities and experiences of New York City. But we also had the pleasure of living in a beautiful suburb that was nice and safe and clean and healthy and happy and give us a really wonderful childhood where I could take a bus, from my house to the YMCA to swim on the men's swim team at age eight, without worrying about being lost or kidnapped or otherwise. So from eight to twelve, I swam on the YMCA swim team in White Plains, because we were able to do that. And so there was a great opportunity. But we also had Manhattan access.

Q: Let's go back a second before we follow you into school and so on. How did your parents meet? What was your wider family like?

KESTENBAUM: My family was all from the Bronx. My father and mother met I guess, right after World War Two. My father had served an interesting career as the only white person in an all black unit because they had no black dentists. So he was the only white

person in World War Two in a segregated black unit. And with great experiences. He had told some wonderful stories about the experiences of understanding and living where that kind of racial harmony or disharmony depended on the circumstance. He met my mother, she was a wonderful dancer, and a singer. She was an opera singer. If it had been fifty years later, she'd have been an opera singer herself, but in the 1940s women were just married and became pregnant. So they became the home keeper and the men went out and earned a living. Now that obviously changed over seventy-five years. But back then, that was the model. And my mother was always very disappointed, because she always felt she had the artistic talent to dance, to sing, to perform. That she could have done that. And growing up in New York, she knew some of the famous singers and dancers and performers who actually did manage to get careers. She always thought that she was as good as they were. Just didn't have the opportunity because of her children.

Q: Sure. Was your father deployed? Was he out on one of the fronts in Europe?

KESTENBAUM: Yeah, the military unit was an artillery unit. And so they were all over in North Africa. In the invasion of Italy, they were not frontlines in that they were firing artillery. So if they were getting shot at, they were in the wrong place. But overall, they had to be close enough to the front to be able to hit the other side with whatever they were firing, artillery, so it's a pretty interesting war. He had some great stories.

Q: Okay. Now, the other thing I always ask is, have you done ancestry research? Or do you have recollections about where your grandparents and so on came from or their stories from that time?

KESTENBAUM: Oh, yeah, yeah, there's all kinds of ancestry stories of the family. We did the genetics and all that stuff, too. So they originally came from Ukraine, and my father's side, the Kestenbaum, their name means chestnut tree, Baum is tree in German. And it was a fake name because all the Jews at a certain period in the 1800s were very badly discriminated against and many of them had to change their names to hide their identities and ultimately, migrated out to the United States in the 1800s-1900s. My grandfather migrated out of the Ukraine because of oppression. And they took the name Kestenbaum chestnut tree because it was a neutral name that nobody knew was Jewish, not like Cohen or Levy, or Shwartz. The original family name, way, way back, Kornbluth. It was originally Kornbluth and was transferred to Kestenbaum because it sounded enough like Kornbluth, but not enough that it would be confused. So there's a great history there of the family and a couple of generations ago, we took refuge in America and New York and survived and prospered.

Q: Wonderful. Alright, then, you're growing up in Scarsdale, I assume you're going to public schools.

KESTENBAUM: Yeah. We walked to the elementary school, and could walk to the junior high school, and rode bicycles. We went to Scarsdale High School and I graduated in 1970.

Q: Excellent. All right. But as you're going to school, are there recollections you have going all the way back then, of exposure to international relations, either through ultimately TV or your parent's relatives or anything like that?

KESTENBAUM: Very little, very little, in those days, most of our life and activities was largely domestic, the foreign affairs in the United States, and then from say, 1950 to 1960, whatever Vietnam was really domestic and focused on internal and on careers and developing the United States itself, our role after World War Two was kind of a secondary in terms of the world and very much focused on expanding within the United States itself. And of course, jobs and careers and lives.

Q: In those early days in school, you mentioned swimming and so on. What were the other things that kept you busy besides schoolwork?

KESTENBAUM: Oh, well, fortunately, because of my parents being artistic, especially my mother, and being educated with BAs and MA, and DDS and all that, they were very much involved in as broad of a lifestyle as we could be. I went into the Cub Scouts at age eight, when I was learning how to swim at the YMCA. And we went to sports. I played in the fourth grade on the soccer team in my elementary school. And that's become a very major part of my life, soccer. Because I became a semi professional. I ended up in college because of soccer. When I was eight years old, we had an international experience. There was a guy named Georgie Heidelberger, who was an American of German origin. And he was a coach at the school and because he was a European, and he was into the sport so he inspired all of us to learn how to kick with both feet and all the rest of it. And so, soccer became a very important part of my life. I did other sports too, all the way through high school, including lacrosse, I loved it because I got a big stick and would whack people. I played defense, so nobody could hit me, but I could hit them. Especially the damn football players. We hated football. Because the football players were all bigger, they kicked our butts. And they made fun of us because we were soccer players and all we could do was kick a ball, whereas they could kick each other. And there was a big rivalry in Scarsdale High School, because we were all like cute Jewish kids who are smart. We won every soccer game and our football team, because they were not big enough and not angry enough, lost every football game. So our football team was zero and ten. And our soccer team was fifteen and one. Great experiences, and I did learn from soccer some international experiences.

So we played against all the big schools, Mount Vernon, White Plains, and they all had immigrants, and foreigners. So we played Mount Vernon, and they had a player named Lincoln Bent. I still remember him, because he was the first hundred yard dash champion in New York. And he was the predecessor of a famous Jamaican who won the 100 yard dash in the Olympics.

Q: The name is on the tip of my tongue.

KESTENBAUM: This was the first guy Lincoln Bent. And he was a hundred and ten flat, and I was this little slow white kid. And I had to play him one on one. And he hardly

spoke a word of English because he was from somewhere in Africa. But we learned very quickly how to play against guys that were bigger and better than we were. And we had to be smarter.

Q: Now, also, you're growing up in the moment when radio begins to fade, TV begins to come in. Were there important developments, aspects to that for you of becoming more aware of the wider world through that new medium?

KESTENBAUM: Well, yeah, for sure, because I can remember when I first turned on the TV, there were four channels ABC, NBC, CBS, and PBS. And they all went off at eleven or twelve o'clock at night. And there was very limited programming. In fact, this is an interesting little tidbit here. I have an older brother. I went to visit my brother in Texas recently. And he gave me a pile of envelopes in a folder, and envelopes were all dated May 17, 1952. And that was my birth date. What they indicated was, there were no phones in that day, or nobody had a phone. So the only way to congratulate my parents on my birth was to write a letter, and my parents kept the letters. And my older brother somehow managed to keep it. But the learning part of that was that when I was born, there was no phone, there was no television, there was no live communication, other than writing with a pen. And I still have those records as examples of that period of time. So it tells me, our listener here that in that seventy year period from my birth till today, think of how it's changed where there wasn't even a telephone, you couldn't call and say hello, or wish anybody a Happy birthday, you had to do it all in writing. And it took therefore the issue of time, time and distance; it was such a different world then and growing up through it. And learning through that whole period until the point where at some point, okay, I put my first cell phone, I don't want to give away too much but my first mobile phone was in my car at the U.S. Embassy in Abu Dhabi in 1982.

Q: Yeah, incredible. Right. Right. Right.

KESTENBAUM: It was a little box that they had to screw into the car but it was mobile. You could drive around and you could talk on the phone. You didn't have to sit in a room with a wire.

Q: All right. You're eight years old in 1960. And you're going to school, swimming and so on. But the counterculture is starting. How did that affect you or your family, if at all?

KESTENBAUM: Very much, very, very much because we were in a location where we were being educated and worldly and encouraged to have worldviews even though we weren't much engaged with the world. Absolutely, we were and this is going to take I mean, you have a lot of time. So this could take a while because I went through that whole period, I grew up through that whole process to 1969. I was seventeen years old and we were at Woodstock. And in 1970 when I graduated high school, we canceled the prom. There was no graduation ceremony or prom. I had no hat, no folders, no robe. I got this robe which is not a graduation robe in Pakistan, but we boycotted our high school graduation because of the Vietnam War. And so between eight years old, and eighteen years old, that ten year period was truly an extraordinary growing up period because we

suddenly became aware of the world outside and all the complexities of it, thanks to the Vietnam War and the situation there. There was no way we could avoid it because we were in New York and there were demonstrations. And we'd be told, hey, get on the train, go down in New York and demonstrate, oh, yeah, it was I mean, a lot of it was just for fun. We didn't necessarily know what we were doing. But it certainly was on the right side of things. That's for sure. And not to go too long ahead but I remember those days, there was a draft. And we all got lottery numbers. And my brother got lottery number nineteen. And I got number two hundred and seventy. So I didn't get drafted. And he did. So then it became a struggle to figure out how to get him out of the draft. Some sort of deferment. Allergies worked so he went to some Jewish doctor and paid him a lot of money. And he brought out an allergy thing saying my brother couldn't go overseas because of his allergy problem. And he ended up not having to go into the military.

Q: Extraordinary. Alright, but go back. You said, you-

KESTENBAUM: He ended up in jail, though, by the way.

Q: As a conscientious objector or?

KESTENBAUM: No, no, we ended up in a Woodstock hippie drug smuggling operation.

Q: Oh, good God. Okay. That's quite something.

KESTENBAUM: But it's how I got into the government. Okay, that's for another later story.

Q: Yeah. All right. To go back, all right. You're in elementary school, junior high. What is going on in your schools now from learning and the sport you mentioned, but also how the school is handling all of these tumultuous changes?

KESTENBAUM: Scarsdale High School was very special, because the teachers were perhaps even more educated and liberal than the kids' parents. In many cases. I mean, Scarsdale was considered one of the ten best high schools in America. I don't know if it still is, but it was then. And we actually bussed in a group of black students because there were none in Scarsdale. And we had a couple of exchange students. But they weren't foreigners. They were from Mississippi, or Alabama. They were, of course, black. They had to be on the football team. Although one of them was a musician as well, this was like, oh, yeah, we want to be modern as we are Scarsdale. We, white Jewish kids, want to be part of the world and understand exactly how we fit in. Because remember, we're talking about a generation that is just post-holocaust. Of course. I mean, born 1952. That's seven years after the end of World War Two and the Holocaust. And many, many, many of the people were either people that had fled pre Holocaust, or had survived the Holocaust, or had family and relatives who had survived or hadn't. So pretty much at least half the students in the school had some direct and personal Holocaust link, interaction and history to engage. We were very aware of that history and that priority. And so when they brought in black students, I'd say, ____, we're playing against them in

sports. And I played on the soccer team, when he'd come in from Mount Vernon. But they were not in Scarsdale. They couldn't afford it. And then the ones who did were two black students who lived in the neighborhood near us. They lived in two houses next to each other because that was the only place they could buy. And they had plenty of money. But they weren't considered really black because they had enough money. That was a very strange environment. Can you imagine? We were in New York. And you could go in there and see the real world.

Q: Now well speaking of that, I mean, you are the youngest of three.

KESTENBAUM: No. Middle son.

Q: Middle son. Okay. So your one brother precedes you into school and so on. Were there aspects of the interactions with your brothers that were also important for you growing up?

KESTENBAUM: Oh, yeah, absolutely. My older brother was the scapegoat. And he was the one that always got blamed for everything that went wrong because he was the oldest. And unfortunately, he was just not the most successful in his school. He wasn't a great athlete. He wasn't a great student. And let's not exaggerate, but I was a great student. I got mostly A's. I got a New York State Regents scholarship as six seventy-five on the SATs, and mostly A's and advanced courses, and I was, of course, the athlete as well. I mean, I got a scholarship to go to college to play soccer at the State University in New York. It wasn't a money scholarship because tuition was only 1,200 dollars a semester. But it was what they call the 5 percent gifted and talented students program where the State University led in small number because they had skills or abilities that would enhance the student body, whether it was art, music, orchestra, the choir, but you had to be really good to get in because they only let a small number in. And if you didn't perform, they'd say, Oh, shit, we let this one guy in. I got in and played on the college soccer team. And that's another story for the future because that opened up my entire diplomatic career while I'm playing soccer in college. I played against the guy in my freshman year 1970, who twelve years later turned out to be a royal family Sheik in Dubai, who recognized me when I arrived there, and I suddenly became the most famous popular American and diplomat in the entire Middle East after being there for only a month, because this guy recognized me but that's another story for another day.

Q: Fine. Also-

KESTENBAUM: And how, by the way, since this is a diplomatic process here, what we're talking about ultimately, is diplomacy is some great stories about how you can be a diplomat in ways that nobody understood or thought would work or would have an impact, and how it has even greater influence and impact than any of the other people that thought they were big impact ambassadors. And nobody knew the damn Ambassador, they all knew me.

Q: Interesting. Okay. While we're still in high school, you mentioned Cub Scouts. Did you also do Boy Scouts?

KESTENBAUM: Oh, that's another one where my brother and I had this conflict. Okay. I succeeded dramatically in Boy Scouts. I was the first year Boy Scout of the year, and then I became an Eagle Scout. I ultimately became an Order of the Arrow Eagle Scout, which is where you have that special sash with an arrow and you've made it to the top, and I became the chief. There's a term for it where you're the deputy assistant scoutmaster. You're the highest ranking actual student scout. And you're like a semi Scoutmaster. And I got to every imaginable Scout event when we went on hikes and camp outs, and we won the golden medals. And of course, my brother was always there trying to catch up to me, even though he was two and a half years older. There was that issue there. I always exceeded his performance, which made him jealous.

Q: When you were in Boy Scouts at that time, one of the things that they always promised Boy Scouts, you stay in, you will become very self resourceful. You'll become a leader, you'll learn all of these skills and abilities that will serve you well later. Was that true? Did you find that you did acquire resourcefulness, leadership skills and so on that were valuable later?

KESTENBAUM: Absolutely, totally. I'd say boy scouts contributed a tremendous amount to my sense of self esteem and my ability to understand and interact with the world because given the effect of growing up in the 50s and early 60s in a suburb, the range of social interactions and access was fairly limited. Anything that opened up those two other skills and talents and perspectives of life, were very valuable, and to many of us made quite a huge difference. So yeah, Boy Scouts really gave me leadership skills and a global perspective. That was very important because we went out to Boy Scout camps, and interacted with other boy scout troops from other areas. So that was at some great moments in life that way.

Q: Sure, sure. Now, you mentioned that you were a good student. What interested you most in high school? Where did your talents and abilities take you?

KESTENBAUM: I wasn't sure. I was just a general student. The irony of it was that things I was good at weren't necessarily so valuable to me going into the future. But other things that I needed weren't so good, specifically languages. I studied French in high school, and for the life of me I couldn't get why I was studying French, I just couldn't figure out why I would ever need it. And so I never really devoted any effort to studying it. And my worst grades were in French and foreign languages. Of course, I studied Hebrew as a student for my Bar Mitzvah in a temple. And so that also was equally useless and had no value to me. In terms of why would I study it and everything. But there's some really interesting experiences in my childhood that we will need or want to talk about, particularly the identity of being Jewish because I had this horrible nightmare that changed my whole life. I can go into that, too.

Q: And we will just one second because right after I wanted to finish asking you about Boy Scouts and the effect on that since you were a Jewish kid in Scarsdale, I wondered what your faith community, your synagogue? What was that like for you? And what role did it play in your life?

KESTENBAUM: It was very important because of our sense of identity, particularly being descendants of holocausts and migrants and survivors, and in that community. And we live just down the block from the local reformed temple, called Westchester reformed temple from the county of Westchester. And so we would go there. And it was very important for a sense of identity and who we are, and a sense of where we fit into the world by having that synagogue. And because it was a reform temple, it was very liberal, and men mixed with women, boys with girls, we weren't separated. We were okay, well considered equal and the same which was very unique, considering it was the 1960s. And the girls, the girls were there with us, and we treated them as if they were guys. We didn't beat them up too much. Too often. That was really good. And it was very open minded and liberal. And it was very tolerant. And they invited other synagogues, and they invited us to interact with churches, and even bright black kids to see us on a Saturday at the temple ceremony. Now, that was fantastic. But that's where my world changed. And I lost the sense of identity that has never come back. Never being Jewish. And up until this moment, literally, this moment, today is still a very, very deep and frustrating sore point in who we are. How I lost my Jewish sense of identity is important.

When I was twelve, and getting ready for my Bar Mitzvah, our Rabbi loaded us all on a bus on a Saturday morning, and drove us down to Brooklyn, to visit the ultra orthodox, Hasidic Lubavitcher. All of a sudden, we discovered that everything about our world was backwards and upside down. Everything we had been told was a lie. And we had no sense as to who we were, as these people treated us like we were worse than the blacks who were serving their food. They wouldn't touch us, they wouldn't shake our hand. They wouldn't let us touch any knives, forks and spoons or plates. They served us with paper plates and plastic forks. The girls were immediately rushed away into separate rooms. When we ended up going to the synagogue for the ceremony, they pushed all the girls upstairs behind those wooden mesh screens. We couldn't see them and they could only peek out to see us. When the time came to read the prayers from the holy books, they wouldn't let us even though we had been studying it and we're about to read the prayers for our own bar mitzvahs. But no, they wouldn't let us touch it because we were unclean, we were dirty. We would have contaminated their holy books. Now, growing up, and twelve and a half and you have all the history of the Holocaust and Jewish and all that then suddenly, to be told that everything you believed and everything you had been taught, not only was it wrong, but it was completely wrong. And everything that you believed as to who you were was wrong. It was bad. It was dirty. It wasn't real or clean. And so we weren't really Jews. That goes further because then years later, I went out to visit Israel after my Woodstock hippie drop out. And that's another story for another day. But they treated us in Israel the same way. I wanted to get married and they wouldn't let me because my rabbi was Reform and he could not conduct a wedding ceremony in Israel then. And certainly not today. Considering the Netanyahu and all the gang and their ultra right wing and taking over the government, and so how does somebody growing up as a

teenager, not even a teen, preteen, suddenly, I'm about to become a thirteen year old, suddenly being told, everything you believed about yourself is dirty and wrong and horrible, and you're a monster that can't be touched. What an amazing moment. And then with our rabbi we went back on the bus, and drove back to our synagogue. And we asked, "Rabbi? What the hell just happened? Who were these people? Why did they treat us so badly? Why did they treat you so badly? Why did you bring us there? And how can they be Jews?" Well, welcome to the real world of complexity, and different identities and conflict. And oh, my God, how that changed. Everything was just there was no way of being the same again after that, including a sense of pride of being Jewish.

Q: Interesting. But at that time did–

KESTENBAUM: I lost my Jewish identity, and I never gained it back for the rest of my life. Never, even to this moment. I felt no pride of being Jewish because those people were Jewish, and they were identifying themselves and they weren't allowing me to be part of it.

Q: Which brings me to the question that your rabbi did make an effort to explain what was going on. But it was never adequate?

KESTENBAUM: No. What can you say? They're angry. They don't believe in us. They don't accept us. Because we're not doing the things they are required to do to be classified as identity Jewish, whatever prayer it may be, wearing the long hair, beards, this and that, all the various elements that identified them as reality of Jewish and essential to being Jewish, even though we didn't see it that way. I mean, we had to hold the holy book, we read the Hebrew, we studied Hebrew, we knew all that stuff. But the nuances of what color hat you wear, whether it was long or not, how long your beard was, if you had a beard, none of those things were what mattered because that's not what they killed people in the synagogue in the Holocaust, they didn't care whether you had long hair or short hair, or whether your name is Kestenbaum or not or Kornbluth. So here's the worst of all, that Nazis wouldn't accept us, but neither would the other Jews. Seriously, how much of a lack of identity can you have that people are trying to kill you? And the very partners who are trying to be killed with you don't accept you as being real in the first place? This is a long story here, and I'm sorry to make it such a long painful one. But you asked about childhood and youth, that's growing up in that environment, so Woodstock and all the Hippie movement was our vision of how to get out of being this failed Jew.

Q: Interesting.

KESTENBAUM: Because there was something much broader and higher, which was the enlightenment, and the spiritual, higher level, that represented beyond any smaller identities of any religion. We didn't care if you were Jewish, Christian, Muslim, you were a Hippie. You believed in Woodstock, you believed in absolute freedom and equality, even to the extreme.

Q: Sure. Now. All right, so this is an experience you have right before your Bar Mitzvah. But do you remain with the synagogue? Or are there other things that were interesting or valuable to you?

KESTENBAUM: I fled. I left after the bar mitzvah. I hardly ever, ever, ever went back ever again for the rest of my life until today.

Q: Now, the other thing is in Scarsdale, you mentioned that there are all kinds of waves of Jewish immigration. Did you also know Holocaust survivors?

KESTENBAUM: There were people in the neighborhood and in our temple. And of course, we would go to a Friday night synagogue, and the rabbi would say, well, here's Shlomo and here's Irving. And Irving was a Holocaust survivor, and he's gonna say an honorary prayer today. And he'll say his prayer. And I mean, we were very conscious. Absolutely. Just the problem was that we were not considered equal, or even real. So those Holocaust survivors who came into our temple were very happy to meet us and to share with us, but the extreme ones, the ultra orthodox wouldn't.

Q: Yeah. All right. So now as you're entering high school, and all of this tumult, all of these activities going on and so on, what were the first inklings you have? In other words, how did you begin to become associated with Hippies, or what you understood in any case were Hippies.

KESTENBAUM: Well, it was pretty hard to avoid. That was the culture at the time. And of course, being the Jewish kid who did everything. I was on the swim team. I was on the soccer team, but I was also a musician. I played trumpet. And I was in the high school marching band. And I was in the orchestra. And so music became a major focus. And of course, I was very lucky because I had some friends who were starting a band. And the bass player was one of my childhood friends who lived two houses away from me. Andy Krieger, another nice Jewish kid, and they needed to put together a horn section. Andy said to me, hey, you want to come over and be in this band. In my freshman year in high school, I was invited to join a blues band in the horn section. And the blues band grew into a group called the brass blues band. And I don't know if you've ever heard of them, but the group that we were able to perform with during those years was a group called Procol Harum. Procol Harum. A Whiter Shade of Pale.

Q: Okay.

KESTENBAUM: Procol Harum. And we also did an opening act for a guy named Paul Butterfield, Paul Butterfield blues band whose band we actually copied and played most of his songs, because our lead singer was also a harmonica player. But being in the blues band gave me access to the whole world of music and culture and hippiedom. That was obviously from 1966. My freshman year '67. It was a fantastic opportunity and then I also had a parallel moment where my freshman year in high school, we went out on a Boy Scout hike into these woods. We played a capture the flag game at night. My same friend, Andy, the bass player, had brought a marijuana joint with him. And he said, You need to

smoke this, try this. So we did. I smoked it with him. And I didn't think anything had happened. Except that during the course of the Capture the Flag game, I was chasing a guy with his flag. And I ran head on into a tree. And I looked at the tree and I said, Oh my god, are you okay? I didn't mean to run into you. Are you okay? Thinking it was another guy. And then I looked at the tree. And Andy came up and he said, You're talking to a tree? And I thought, Oh, wow, this shit's really good. So that became a lifelong cannabis engagement, which contributed to the whole hippie world movement, because all of a sudden, there I was playing music and a blues band and smoking pot, and just barely a freshman in high school, a sophomore. And for the high school years, not only was I a jock, and playing on the soccer team, and playing sports, which all the hippies said, Are you kidding? You goddamn jock, you sports idiot. But I loved being a jock. And I loved being in the orchestra and marching band. And I loved being in the culture world. And I loved being in the hippie world. All of those things opened up just at the moment when I had lost my sense of identity of being originally basically just a nice Jewish kid. When that door closed all these other doors opened. And I was like, why are you worried about those idiots with the beards in the silly hats? They don't know what they're doing. Come on. Let's go get at it and get your trumpet. I got introduced to all kinds of music, like Miles Davis, and blues and jazz and orchestra because orchestra became classical music. We had to play in an orchestra, not just the marching band, where that was just dum dum dum but an orchestra, which would be violins and flutes and real music and composers and Dostoevsky, Chaikovsky, Chasta-kovich and Preposter-povich as we used to joke about it. Anyway, that was one of our best jokes. We said oh yeah, we're playing the next song is going to be---. That's how extreme we got. A very diverse, very expanded and very worldly sudden view. That means high school was an incredible experience that led all the way through to the boycotting of the senior prom because of the Vietnam War.

Q: Sure. Now, you're both active and kind of counterculture. What were your parents thinking about all this?

KESTENBAUM: They were very confused about it. They were not happy about it. But at the same time, I was getting better grades than my brother who wasn't doing all this stuff. I mean, what can you tell them? I mean, did you get an A? Yeah. Okay. Good. You got a scholarship? Yeah. Okay, great. I mean, you got all those orders of the arrow and all the ribbons and all that. Eagle Scout and Scout Junior Assistant Scoutmaster. And, I mean, everything I did, even during those Hippie periods, was still very successful, because that's how it worked out for me. I was very lucky, as I say, my brother didn't get nearly that level. And it was really wonderful to be in that circumstance.

Q: You've mentioned Woodstock, which is, of course, sort of a milestone in the whole CounterCultural Movement. Were there other things that led up to it? Were you going around, in other words, with your band, and so on, and becoming ever more influenced by others who are in this CounterCultural Movement?

KESTENBAUM: Absolutely. The music was a major focus because it was the center of everywhere we wanted our band to play, and everybody wanted to go and dance and get

high and have a great time. And so we were extraordinarily popular because we were the best band not only in Scarsdale. We were the best band in Westchester. I mean, people loved our band and it was great. It was an amazing experience. But we had two trumpets and a saxophone. We had a singer/harmonica player who thought he was Paul Butterfield or was trying to be and we had a guitar player, a lead guitar player, another nice boy named Mark Schulman. And Bob Elliot and I mean, the whole band was almost all Jewish. Teddy Spencer was the drummer. But Mark Schulman was the guitar player. And he still is, I guess, because he is now seventy years old. He made a career playing guitar in professional bands. He became a studio musician and every album you've ever heard had him on background as a studio musician. That was a really, really high quality, high caliber music. We even wrote a few of our own songs. But Born Under a Bad Sign was our favorite song.

Q: Wow, yeah.

KESTENBAUM: Been down since I began to crawl, if it wasn't for bad luck, I wouldn't have no luck at all. I mean, how can you forget lyrics like that?

Q: Oh, sure. All right. Well, then let's go on to Woodstock. I mean, it's huge and–

KESTENBAUM: I was a Woodstock hero.

Q: Oh, yeah, go ahead.

KESTENBAUM: I was a Woodstock hero. I'll find the picture. I'll have to find the picture. But there's a great picture if you ever watch the movie. Woodstock the movie. There's a scene. Well, halfway through it. Of Country Joe and the Fish singing and I know you don't remember all this but Country Joe And The Fish was an icon. And his famous song was the Vietnam War song. And the lyrics went, “come on all of you big strong men, Uncle Sam needs your help again. He's got himself in a terrible jam, way down yonder in Vietnam. So put down your books and pick up a gun, we're gonna have a whole lotta fun. And it's one, two, three, what are we fighting for? Don't ask me, I don't give a damn, next stop is Vietnam. And it's five, six, seven, open up the pearly gates, well there ain't no time to wonder why, whoopee! we're all gonna die.” So Country Joe And The Fish singing that song on the stage and there's a picture of the hillside. This mountainous hillside as far as the eye can see. Half a million people. And right in the middle of it right above his head. This is a big dark brown tent. Big four person pup tent in the middle of the hillside. Nothing else there except one tent and swarm of humanity. That's my tent. My Boy Scout tent. I brought my tent from Boy Scouts to Woodstock. Okay, but the story gets better. Why do they have the tent there? And why would they leave it? My brother had bought a minivan. He was going off to college in Southampton, New York in Long Island and he had a minivan. And he had driven his minivan down in Mexico and bought a huge amount of cannabis, marijuana. And back in those days, 1969 he was able to smuggle it back across the border without being caught, because there was hardly any checking anything in those days. So he drove back up to New York. And we had this minivan filled with kilos and kilos of cannabis. And so we got up there. And we

parked the van and we hiked up the mountainside, hiked up two or three times back and forth to carry the tent and then carry all the cannabis and all the camping gear and everything. And so it was pretty popular. As you can imagine nobody wanted to take that tent down because everybody either wanted the pot that was in it, or they brought their own and do it. And the amount of sex in that tent was extraordinary. Absolutely extraordinary. I mean, everybody got laid in that tent. So it was the hottest sex tent in Woodstock. And one more Woodstock memory. I was from Scarsdale. Who owned the Hillside?

Q: Oh, it was the farmer. I can't remember his name.

KESTENBAUM: Max Yasgur. Okay. My Scarsdale high school friend, and buddy. His name was Joey Yasgur. This is Max's nephew. My friend Joey thus owned the farm. So we went up there. And we found Joey. He helped us get the tent set up and do the whole thing because he knew who we were. We actually were friends with the guys who owned the farm. That's why we had our tent. And we had the greatest time. We were extraordinarily popular. And we stayed till the night after. Then we drove home on the following Monday.

Q: Well, I can't help but ask. I mean, of course, there were bands, but there were huge Rolling Stones and whoever I can't even remember who all. Did you also get to kind of hobnob with them?

KESTENBAUM: No, we hung out in the crowd. We weren't backstage people. We were out front with all the dope.

Q: But you were also aware it was being filmed?

KESTENBAUM: Yeah, yeah. But we didn't think anybody was ever going to take any pictures of us. When I saw this, I have the video on a hard drive disk. And when I saw that video some years ago, I stopped it, hit pause at that moment when Country Joe was singing, and took a picture with my phone, and I'll try to find, I mean, I have it somewhere. And if not, I can go back to the disk and find that there too. But that's an old story. But it's there. Believe me. I couldn't make that up. Why would I? Because there's always some chance somebody might have a video and they say, oh, yeah, it's not there. Nice story, Charlie, but that ain't what happened. It is what happened. It is what happened.

Q: All right. By Woodstock, you're now sixteen, seventeen.

KESTENBAUM:
Seventeen.

Q: Yeah. You must be thinking about college. You had mentioned going to college? Other than where you ended up, what were you thinking of in terms of what you wanted to study or where you might go?

KESTENBAUM: Didn't know, didn't know anything about it. And had no predetermination, predestination as to where I wanted to go or what I wanted to do. All I knew was that I wasn't sure, I wanted to go to college because of the whole Hippie Woodstock, anti war movement, and the dropout element and a sense that we were rejecting everything. And ultimately, I did. I dropped out. I went to college for a year and dropped out.

Q: Okay, yeah, before you drop out what was the experience of that first year? What made you decide, oh, this is really not for me after all.

KESTENBAUM: Well, I went to this liberal arts State University of New York, and it was very, very modern and very worldly and liberal and we had this thing called the off campus bus, where one of the students would drive it around and anybody who lived off campus would drive back and forth around in the Binghamton area there at night, till midnight; the last drive was at midnight, where you would take people off campus back to their neighborhoods and around and everything. I mean, that was an acid trip. On a Saturday night, we would fill the bus with all the kids from the dorm at midnight, and take an acid pill a few hours earlier. And then we would go driving around the campus for hours singing and dancing and tripping on the bus. What a great experience. Unbelievable, I only did it once or twice because I gave up on the hard drugs because acid was too strong. I took it five or six times senior year in high school and then freshman year in college, but then stopped. Same with all the other drugs, everything else stopped, except cannabis. The Binghamton experience was very, very open minded, very liberal, very tolerant but my problem really was I had no idea what I wanted. And we had only just become political earlier that year. I mean, the high school graduation, we boycotted our prom, and we were dropping out and we were rejecting the government, we were rejecting the Vietnam War, we were rejecting the federal government and the whole issue of our military presence. And so there was nothing really to replace it in that year 1969, 1970, 1971, there was nothing really to replace what we had rejected. And so unless people were lucky enough to find something like a career and become whatever it was going to be, my freshman year in school was so unplanned and so diverse. And it was all starting in college as liberal arts, so I had to take the prerequisite courses. So you're taking all these courses, you really don't want to take social studies and math and science and languages and things that you don't want. But you had to get your prequalified degree and all that. It changed many, many times since then. But back in the old days in the 60s, early 70s, there were all these prerequisite courses you had to take in your freshman and sophomore years before you could focus on your major. And I didn't have a major and I took all these freshman courses, very liberal arts but didn't know what I wanted at all. And none of them were satisfying. And none of them made me feel like I have a sense of involvement or commitment to it. After my freshman year, I dropped out. And that's another great story for another day.

Q: Well, no, I mean, ya know, we're following you along chronologically. So unless there's another episode here sort of between Woodstock and college and so on that is

really consequential for you that you want to recall. Let's go ahead. I mean, you're leaving Binghamton and–

KESTENBAUM: I dropped out and wanted to go see the world. And fortunately, my older brother just graduated college. And he didn't know what he wanted to do. So the two of us got together and pooled our money. And I dropped out and we flew off to England. And a bunch of his college friends joined us. So we became a group of ultimately a dozen.

Q: What year?

KESTENBAUM: Spring '71. I finished my freshman year in May and by early June, we were all in England. And we then went from England to Amsterdam, where we rented a tiny little room in the basement of a bar, under a canal, where there was a bunch of Moroccans living, and we paid a dollar a night for a room with three bunk beds. A dollar, so thirty cents a night each. And we just lived our Hippie life in Amsterdam for a couple of months. Ultimately, we ganged up together, and we decided to go visit and tour Europe. So we bought three minivans, VW minivans, they were really, really old and really broken down and we paid a few hundred dollars for them. But then twelve of us in three minivans, formed a caravan and drove across Europe. The first stop from Amsterdam was Paris. And this was a fascinating experience because remember, I told you that when I was in high school, I'd studied French and never thought I would ever need it and therefore I never studied it effectively. I never really cared. Well, it turns out that we were, of course, doing this whole thing in Amsterdam. Why did we go there? Because that's where the pot capital of Europe was; the cannabis capital. And we got very involved with buying and selling cannabis as a means of earning a living. So we ended up buying a large quantity of cannabis and one of our group carried it back to New York. Remember, in those days, there was no real search effectively in airports. I mean, there hadn't been an airport hijack or bombing yet. So there wasn't the sense that airplanes were being risked. And therefore, nobody searched anybody getting on or your suitcases weren't searched. They didn't have an x-ray. We shipped this guy back from Amsterdam, back to New York, with a big pile of pot that he was going to sell. And then he was going to transfer the funds to us in Paris. And the money transfer in those days was a very complicated process. Took days, days to do. Anyway, so this guy went back. And we all went off to Paris to wait for the money to be transferred because it couldn't be transferred to Amsterdam for some reason.

Okay, so there we are, twelve stoned out Hippies in three minivans in a campground in Paris. And not one of them spoke a word of French except me. So all of a sudden, I was the French translator. And after ten days in Paris, that was quite an experience, we got our money. And then we started on our Hippie trip. And of course, we drove all the way through France, down through to Switzerland. But while we were on a small bridge over the Saône River, Pont Sur Saône. One of our minivans got run into by a truck. And we needed to have repairs and had to take it to a service place. And of course, there were issues of insurance and payment and who could repair it and when, and remember, none of them spoke a word of French except me. So I suddenly learned how to speak French in

a really big hurry. And learned an important lesson early in life which is never ever say never, because you just don't know. And you hope that in fact that you do have those experiences because that means that what you're doing is so often the trail or the anticipated path, that there's all kinds of new excitements and challenges and opportunities that make your life different. And that's exactly what we did. We had some crazy experiences. There is one funny story in Switzerland. We're in Basel and we're in a campground and we meet these Swiss girls. And of course, Switzerland in those days, we saw a Swiss road biker gang, a Harley gang biker gang, but they didn't have Harley's they had mopeds. High bars. And they had the leather jackets and the jeans and the whole thing. And we asked these girls, I said, look at those bikers, they're really bad ass. What do they do? And the girl says, they curse. Yeah, they curse. Okay. And she said, and well, they don't stop at red lights. They go through red lights on their bikes. And we said, Yeah, and what else? And she said, Well, that's it. They curse and go through red lights. They don't beat anybody up. They don't have guns. They don't rob stores, they're not gangs. They're not drug dealers. And no, no, that's so welcome to Switzerland where the biker gang curses and goes through red lights.

Q: Holy cow.

KESTENBAUM: And these girls, these girls were so funny. We had them in the back of our van. And they said, where are you guys from? And one of the guys says, Oh, my name is whatever. And I'm originally from Germany. And they said, Oh, how interesting. And one of them said, I am such and such. And my family comes from England. And they said, Oh, how nice. And then one of the guys, John Masella. He says, I am John Masella. My family's from Italy. And the girl looks at him and says, how unfortunate. What did the Swiss think of Italians? And it was a welcome to the world as we didn't know it. John Masella didn't know. He thought he was great. I'm an Italian. It was the first time we realized that within Europe, there were all kinds of issues of priorities and races and cultures and discriminations. And oh, how unfortunate, because you're of Italian origin. We learned that it was a great experience. And ultimately, we ended up in Greece. And then the caravan broke up. And we all went in different directions. And some of them went off to where we originally intended in the first place, which was to Afghanistan, the hashish capital of the world. I mean, that's where we all wanted to go. But my brother and I decided we weren't going to go to Afghanistan first. We were more interested in visiting Israel. We parked our minivan in Athens in a parking lot. And we took a ferry boat to Cyprus and from Cyprus, we took a ferry boat to Beirut, went to Lebanon in 1971. Paris of the Middle East. Remember?

Q: Oh, yeah. In fact, there are people who are conducting their interviews who began their careers there in the Foreign Service.

KESTENBAUM: Absolutely. We had our first experience of two weeks in Lebanon. And we stayed at the YMCA Youth Hostel at the American University in Beirut, and met all the young students and the Egyptians and all that. And we were introduced to the synagogue, and to the rabbis, who, because there was a big synagogue in a very Jewish community in Beirut in those days, and we got into a bus and drove up to the Beqaa

Valley, to the hash capital of Beirut, and where all the Shias (predecessors of Hezbollah) were and the Lebanese revolution was about to start. And we had an amazing experience visiting the farms and meeting the farmers. And two weeks of experience in Lebanon, changed our whole world because suddenly, everything we had heard and been told was proven to be wrong. There was all that nonsense about Jews being discriminated against and at risk and Israel being threatened wasn't true because there's a synagogue and there's a rabbi who was holding a ceremony, right there for us in our honor, in Beirut, and all the Lebanese were so friendly, and all the students were so friendly, and they were so happy to meet us and couldn't wait to meet an American. And everything we had heard wasn't nearly as true. Then we get back on the ferry boat, we get back to Cyprus and take a ferry boat to Haifa, to Israel. And after we spent two weeks in Beirut, we did two months hitchhiking around Israel. And, of course, everything that we had seen and heard in Brooklyn, and everything we'd seen and heard in Beirut, all came to a head in Tel Aviv and Jerusalem, especially Jerusalem because there, we met Palestinians, we met Israelis, we were interacting with the two. And we made a terrible mistake of going out and visiting the Palestinians in East Beirut, on one afternoon, evening, and we were what we ended up with-

Q: With East Jerusalem?

KESTENBAUM: East Jerusalem and we were wearing Palestinian kufiyahs because we wanted to fit in with the people there. And we're walking down the street, and we came around a corner. And we almost got shot by an Israeli soldier who saw us. We came up behind him and he was taken by surprise. He turned around with his gun and almost shot us. And we ripped off the kufiyahs and started shouting “Americans, we are Jews don't shoot! don't shoot! Americans.” I mean, what a crazy experience, almost getting shot by an Israeli who thought we were Palestinians. And that Palestinians were so dangerous, that just by seeing us, he was ready to shoot us. As a personal experience of everybody there it goes through on a day to day basis. But it was our first experience. And so we ended up in a car lot. We're sleeping with Israeli soldiers, Jewish girls who are in the Israeli army, and having that experience and so we pretty much experienced everything, A to Z. And as a result of that, I knew what I wanted to do. I knew where my life would be.

Q: We're gonna do that. The one thing I wanted to ask you though, is you're going through Israel. Were there other things that captured your attention? I mean, if you're going all the way south a lot there are better winds along the way and outside of Jerusalem the Dead Sea and Masada and so on. Were there other things that you saw there that are important to you?

KESTENBAUM: Yes. All the above. However, to add to that, when we first arrived there, we actually had a distant relative who was living in Tel Aviv, and he was a nuclear scientist, we hardly even knew we had a relative. But when we were going there, our parents said, hey, go see so and so because he's living there. And he's a nuclear scientist, and he's helping to build the atomic bomb for Israel. And he was, and he had been one of the key scientists that built the first Israeli atomic bomb. And we met with him. And it

turns out, he was terribly unhappy. They treated him badly, because he wasn't orthodox. And he was too liberal. And he wasn't being treated as an equal. Even though this guy built their nuclear bomb for them, they still treated him like he was a stranger and not Jewish. And so we kept saying to him, what's going on? We don't get it either. And he kept saying, well, that's what you have to understand. And we said, but we understand that we experienced it at age thirteen in Brooklyn, but here you are building a nuclear bomb for them, and they're still treating you like a second class citizen, and they don't let you into the synagogue. And we actually experienced that directly and personally, to see that what Israel represented wasn't what we believed in. But even if we believed in it, they didn't let us. How can we be part of something they don't let you in?

Q: Unusual.

KESTENBAUM: One more point.

Q: Please, go ahead.

KESTENBAUM: Every time we challenged the Israelis, and say to them, don't tell us this bullshit about Arabs trying to kill you and Israel being at threat with all these Arab countries. We were just there. There's a synagogue. And by the way, just for the record, there's a synagogue with 20,000 Jews and a rabbi in Tehran today.

Q: I forgot that, that's interesting. Yeah.

KESTENBAUM: And a member of parliament of Iran designated has to be a representative of the Jewish community. So how are they trying to kill Jews if they have 20,000 living there, and welcome in a synagogue, or multiple synagogues? So the whole nonsense about this Israel, we're a threat, they're trying to wipe us out is bullshit. total bullshit. And if you believe that, I don't know what you're on. But I didn't want the drug. I assure you, it's the wrong one. Worst of all, these Israelis kept saying to us, don't you dare tell us how to live, you don't live here. You don't face the guns. We do. And there are guns. And there are Palestinians who want to kill us. And there are Arabs who hate us. And we are facing it every day. So you shut up and just go back to New York and send money because that's what we want you to do. Go back to New York and send money because if you want to have a voice, you come live here, and face the guns. And I said, No, wait a minute. We've seen the guns, we've seen the other side. It's not what you're saying. And therefore, the whole premise upon which your existence and your state is based, is flawed, is tragically, existentially flawed, because it's based on inequality and unfairness. That is unacceptable, because if we're talking about eighty generations in 2,000 years of suffering, and discrimination, and horror, to finally get out of it, and be empowered to turn around and then do it to somebody else is totally, totally unacceptable. We will never, ever accept that. Never. Because what does that tell you? That it makes you worse than the ones who did it to you because you suffered. And you know what that suffering is, and you can't find a way to avoid it, to not impose it on somebody else. You can't share the land, you can't share the synagogues, you can't share the temples, and mosques with the people that have been living there for 1,000s of years because they

didn't manage to push you out. Come on 1,000 years, 1,000s of years. The whole world has done this to us. And now we have a chance to make it right. And what are you doing? Worse, you're doing the opposite of what's right, you're doing the wrong, that is everybody's worst of all.

I said to the Israelis, 1971, I said, I'm going to prove you wrong because I'm going to go live on the other side, over the wall among the enemy. Openly as a Jew. And I'm going to prove and I'm going to show that everything you're based on is wrong and flawed, and we have to change it. We have to fix it. And I know I'm being very overwhelming, what an ego? Are you kidding? Who the hell do you think you are? Charlie, Chuck, idiot, whatever you think your name is, but you really truly believe that. And so I dedicated my life and everything I did from that day in Israel onward. I went back to school. I studied Arabic, and Islam. I studied the Middle East. After graduating, I went to Cairo. I went to do my master's degree at the American U in Cairo. And I stayed and I lived my entire rest of my life, basically, in the Middle East or related to it. Even when I wasn't in the Middle East, as I did a tour in Indonesia. But hey, they're all Muslims out there too. And it was still applicable. And I got to the mosques and studied and read the Quran with the Indonesians, and they loved me because of my awareness of Islam. I dedicated everything I did for the rest of my life, to having some degree of impact. Now, obviously, there's a crazy ego there that anybody thought they could actually do that. But hey, after Woodstock, and not knowing what to do, and having rejected so much the establishment and then finding a vision and finding a future and an establishment that you believed in, that made all the difference in the world. And there I went, and ultimately ended up, ironically enough in the government, in the Foreign Service.

Q: Okay, but now, that's wonderful–

KESTENBAUM: We had rejected totally, we rejected the government, failed, bad, we're dropping out. And then a few years later, there I am. But it's a different government, because I'm in it.

Q: Of course. All good foreshadowing. Now, this is the decision you made while you were in Israel before, once you had seen everything, and you had had these experiences, this is the decision you made. It was sort of the moment in your life where you made a decision on the path you are going to take. I understand what you're saying correctly.

KESTENBAUM: Yes. But the path was more bizarre, and is a great story. Because my brother and I went back to Athens and got our minivan. And then we drove a minivan over to Tunisia through Italy. And when we drove across the Sahara desert. All the way across North Africa, in our minivan, Tunisia, Algeria, the desert, all the way to Morocco, at which point then we didn't go right back home and go back to school. We went and lived as Hippies in Morocco. And first we ended up, oh, we had a Midnight Express experience because when we got to Morocco, we went to the main city of Fez and the Hippie campgrounds. And we said, we're going to do exactly in Morocco, like what we did in Beirut, we're gonna go up to the hash farms, up to Ketama, in the Rif mountains.

And that's another whole story, which could take the rest of the hour because do you remember Midnight Express the movie?

Q: I remember it vividly.

KESTENBAUM: Okay, well, we had a Midnight Express experience, which again, changed our lives completely because we learned almost the hardest way possible that the system, the whole system, that of the world that we had understood, was different than what we believed it to be. The whole government system, our government and the government of the world, is very different. And there's a very dark, dark, evil world out there, that the system is part of, the establishment is actually a criminal establishment in its very nature. And what do I mean? Well, we were trying to smuggle hash out of Morocco, out of Ketama to the fez campgrounds where we were then going to sell to all the Hippies. And we got pulled over and we got caught by the police. And it's a terribly long story. I can't do the whole story now. But the bottom line is, the police pulled us over and said, We know you're smuggling hash, and don't you understand what you're doing? And we said, well, obviously not, tell us. And they said, the system works as follows. You come up here, and you tell the farmer what you want, and you pay him. And then you go back to where you were, and we deliver for you. We deliver for the farmer, the police do. And the system is that it's all controlled by the government. And ultimately, the government is controlled by the king, who's the ruler, and the ministers and the police chiefs. And everybody who's in the hierarchy of authority has a role to play and gets their commission and their cut. But the farmers don't go to jail. How do the farmers manage to grow that shit all over the hillside and not go to jail? Same thing that was in Beirut. As in Lebanon, because they were paying the police, the police were their family, their cousins and aunts and uncles, their brothers and sisters were the police. The system is very corrupted, but it's not corrupt at all. It's a structured system. And the same was true in Beirut, in Lebanon, the chief of police was also the tribal chief. And we found the same in Morocco, the king controlled it, and the police did. And that's the way it worked. And it was an amazingly important life experience. Our first week in Morocco, and what we were going to do and where we were going to go after this revelation of our new future life from Israel. And there we were in Morocco about to go to jail for the rest of our lives because we didn't understand how a corrupted system like that worked. One more interesting story that's related to that is a generation later, I'm in Saudi Arabia at the U.S Embassy. And it's not drugs, it's alcohol. And what's the same system just to make the story close, how does everybody in Saudi Arabia get all that booze? Well, the same thing, the royal family has a seal that they stamp onto the container, the forty foot and twenty foot shipping containers. Because it has a royal family seal, the customs and immigration don't open it. And almost all the alcohol in Saudi Arabia is brought in by the ruling family and the police and the military. And if you want to buy it, you go to the police chief, and you buy it through them, and they get a commission and the ruling family gets their commission. And the only people that get busted are people that either make it themselves, or try to smuggle it outside the system.

So it's a life lesson that I learned when I was nineteen or twenty in Morocco. I was easily able to apply it my next forty or fifty years. Twenty years later in Saudi Arabia to say that

somebody came in, it was someone I can't say who it was, but somebody who's a VIP came in and needed alcohol. At the embassy, the Ambassador said, Charlie, can you get alcohol? I said, Of course I can. Just go see one of the ruling family, and I did and he says how much do you need? And I told him the numbers and he said okay, and it was delivered to the Sheraton and to the Hyatt, and this super duper VIP, they had all the booze he could drink and he was very happy. It was like a Charlie Wilson story almost. But that's another story. Charlie Wilson tried to try to rape my girlfriend in Abu Dhabi. In any case, we'll get to that too. That's another future story. But so the idea being that we learned our lesson early on in Israel, and then later in Morocco. What did we do? We ended up managing to get out of Ketama with three kilos of hash in the minivan built into the roof that the farmer had. The farmer liked us so much. We traded him Frye boots, leather belts, jean jackets, so that when the time came, it was time to bust us. He didn't bust us. He stood beside us and said, Oh gee, they didn't have any drugs. They're Hippies. They had no money. They just came up here to see the farms, which was totally the opposite of what happened and so we were able to smuggle three kilos of hash out to the campgrounds. From Fez we went to Marrakesh and from Marrakesh, we went to Agadir. And in Agadir, we lived in a naked Hippie colony (called Taghazout) on the beach for half a year, and we lived in our minivan, and we sold hash to the Hippies. That's how we earned our living and sustained ourselves. But unfortunately, the Hippie colony had to close down because you can imagine there was a lot of illness and there's some sort of disease (Cholera) that started getting passed around. And nobody wanted such a deathly disease. And so everybody fled. And we ended up fleeing Agadir and the naked Hippie colony for Marrakesh, where we ended up living in campgrounds. In Marrakesh, ultimately, we sold hashish to all the Hippies that were parading around the Jemaa el-Fna the famous square in Marrakesh, and we ended up with a Moroccan partner, and lived in a beautiful little villa in Gueliz, in the new part of town.

We were there for three years. But at the end of the first year, okay, summer of '72, I left my brother in Morocco, and I went back to go back to college because I was ready. And we opened a handicraft boutique on Long Beach Island, New Jersey. There we had a beach house just north of Atlantic City. For the first year in summer '72, we rented a little storefront for a couple of months and we painted it green and red. And we brought a bunch of Moroccan handicrafts, blankets, rugs, jewelry, pottery and brassware. And we sold it in the store. And it was so successful that we got into two new business units. One was we started wholesaling, blankets and rugs to Sears and Bloomingdale's. And we started wholesaling, smuggling hashish to pay for the store. Because remember, we're twenty year old, twenty-five year old hippies. There's no way we're gonna go to any bank and borrow a dollar from anybody to finance all this. We had no money. How are we going to finance this import export business, through smuggling hashish? We had the handicraft boutique in New Jersey for two summers. And we smuggled drugs that we sold wholesale and retail. And unfortunately, in the summer of '74, it was going to be our third year of our store. But my brother got busted. Well, we got greedy. And by the way, in those days, airport security was suddenly picking up. And from pre '70 till mid-70s, all the security and hijacking of airplanes and X Rays and everything. The whole security thing changed. We had bought a canning machine in Boston, and we were making Hash oil, it was this liquid like what you get vape pens now. Okay, we made vape pens forty

years ago. Unfortunately, we printed a label in French Confiture D'apricot, apricot jam. And unfortunately, my brother was flying in with all the handicraft boutique samples and everything to make business. He had boxes of handicrafts and everything. And one of the boxes had this can of hash oil in it.

Some damn woman at customs at Kennedy Airport said to him, Oh, I'm really sorry, but you can't bring in food. This is USDA, FDA. You don't have a permit. This hasn't been approved and cleared and licensed. So we can't allow this in. And we're going to have to have it tested. My brother said no, please, please, if you open it, it'll get spoiled and it'll ruin and it's an entire liter. Goddamn woman opened it. And you can be damn well sure that she knew it wasn't Confiture D'apricot, apricot jam there. So that was it. My brother then was stripped. And they searched him. And they threw his clothes at him as he's about to get taken off to jail. And the bottom fell out of his shoe. And another piece of hash fell onto the floor. And so they freaked out because they realized they hadn't searched him properly. And so they found everything on him and he spent the next couple of weeks in the West Street jail and the Tombs, in lower Manhattan. That's another interesting story because he's the only white guy in a room with thirty black prisoners. And the first thing they said to him was, what are you in here for white boy? And he said smuggling hash. What are you in here for? I'm here for murder, and others said, I'm here for rape. But the good news for my brother, the only other white guy in the jail was this old Italian guy. And they said, who are you? What are you in here for? And he says, “I'm here for tax evasion.” We know who he is right, the (mafia) Family. So my brother said Oh, you're with the family? And he goes yeah, I'm a member of the Polera family, led by Don Vito. Guess what? What do you think? Don Vito lived two blocks away from us. And my best friend was Frankie Polera, the son of one of the five dons of New York. And so my brother said to him, we know Don Vito, my brother's best friends with his son, Frankie. And he goes, you know Frankie and Don Vito? Oh, okay, we'll take care of you. So none of the black guys ever dare touch my brother because they knew they would be killed the next day if they touched him. Even better than that, my brother got conjugal visits from his girlfriend. So he got his blowjobs while he was in prison because all the prison guards, what are we talking about? Remember, we talked about the police, the ones who smuggled the hash, right? Well, what do you think the prison guards did? They protected the mafia. The Don Vitos so my brother has had a very interesting and very positive jail experience. The two, three months he was in jail, of course, we plea bargained. The problem was that the judge kept saying three felonies five years each and my brother kept saying, Let me out. I'll tell you, I'll do whatever you want. And they said, who's the big smuggler? Turn him in. And we'll let you go. And my brother said, it's us. We're the smugglers. We're as big as it gets. We go to the farm in Morocco, we got the chief of police on our team. Oh, shit. Okay. Anyway, we plea bargained, and he got out. So that's interesting. Morocco and smuggling to New York and going to jail. And he ended up doing his time, went back to dental school in Case Western Reserve, and he became a dentist in Texas.

Q: Holy cow, yeah.

KESTENBAUM: And I went on and went back to college. And so he got out of jail. And he went back to college to do his doctorate degree. And I went back and finished my undergraduate studies in Arabic studies and everything else.

Q: Then let me ask you about that. All right, you've had this whole incredible experience in the Arabic world. You decided you wanted to do Arabic and Muslim studies?

KESTENBAUM: Yes.

Q: Which college did you end up at, back to Binghamton?

KESTENBAUM: I went back to Binghamton. Yeah. And played soccer on the team, went back to play, played all those years. And was on varsity, and we went to the NCAA tournament. And it was a great experience. And I had a tremendous sense of maturity that I had not had a year or two earlier in terms of who I was and what I expected. If I didn't get in the game, I wasn't disappointed. I had some amazing experiences. And just being there and I was studying Islam and the Middle East and I was committed to going over to the other side. I didn't want to study Hebrew because I had no intention of going back to Israel. I studied Arabic because I have every intention of going over the bridge, over the wall, to the other side. And I did; when I graduated Binghamton in summer of '75, I went off and applied to two colleges for graduate school, American University of Beirut, and American University of Cairo. And unfortunately, American University of Beirut was just in the starting point of the Civil War. They never got my application. But Cairo did and accepted me. And I went to Cairo for my graduate studies.

Q: All right, before we go that far. Just go back to Binghamton for a moment, were there other college experiences while you were there that were also formative?

KESTENBAUM: Yeah, there was a couple. As I say, the bus. The singing bus. Earlier, in my real freshman year, in those days, freshmen couldn't play varsity. S- I was captain on the freshman team, and we had to play exhibition matches, because there was no real freshman league as such. Binghamton is right on the border of Pennsylvania. And so we played against a bunch of colleges in Pennsylvania, and one of them was a small two-year community college called Keystone Community College. And we went over there one day to play them in an exhibition. And there was an amazing experience. We played them and the game ended as a two-two tie. And we were getting ready to get on our bus and go home. And the Keystone coach said, would you guys mind playing overtime because you're a four-year school and if we could beat you, it would do a lot for us in terms of our being able to qualify for the junior college Tournament that's coming up next month. We said, shit, okay. We got back off the bus and went out and played overtime. And they scored the goal, ten minutes in and they won the game. Hurray! We win. And we got back on our bus and went back to Binghamton. That was in September, October 1970. My freshman year, 1970. In 1981, I am assigned to my first Foreign Service assignment in the UAE. And I go up to Dubai, to open a big trade show U.S exhibition at the World Trade Center. And while the Sheiks are there, and all the Royal family and everybody and I'm there in my suit, it was a U.S exhibition with cowboy

stuff? It was great. Horses and saddles and everything. The lassos and the whole works. What did I do? I saw in one of the booths was a beautiful black Bart Maverick cowboy hat (I have a photo!). I put it on just as the opening and here comes Mohammed bin Rashid, the Crown Prince and all the sheiks to cut the ribbons and the U.S. Ambassador and Consul General and I'm there receiving him as the head of the delegation. And as they're walking by, one of the sheiks comes up to me. And he says, you look familiar. I'm sure I've seen you somewhere before. And I said, Gee, I don't know, I just only got here a month ago. Who are you? And he says, well, did you play soccer? And I say, Yeah, I do.

Oh, I see a smile on his face. He said, Did you go to Binghamton? And I said, Yeah, I did go to Binghamton. And he said, Oh, my God. I'm Ali. I scored the winning goal against you. You were the captain, weren't you? And I said, Yeah, that's right. You did score the winning goal. Oh, my God! I had to take him out. I had to take him out. What did I do? I said to him, in front of the ruling family. I said, I'm sorry to burst your bubble, Ali. I hate to tell you this. But we gave you the goal. We didn't want to stay there anymore. So we let you score. That wasn't a goal. That was a giveaway. Oh my God! to see his face. Then I smiled. I said I'm just kidding, Ali. It was a great goal. You win the game. Hey, everybody. Oh, he is a great goalscorer. He beat us. Sheiks, Sheiks, Oh, he beat us. Oh my God! So that's for a later story, but the history of diplomacy, and how to be a diplomat. I wasn't there a month, I was a junior officer first tour twenty-nine years old. As a Commercial Officer, and in this very first ever commercial tour of any first Commercial Officer anywhere in the world. (The Commercial diplomatic service was formed by Congress in 1980). And within a month of being there, I was the most well known, popular, famous American in the entire embassy. And did the American Diplomats hate me! The Ambassador was jealous and resented me!

Oh, my God! The next day, Ali invited me to the VIP box of the big soccer game between Al Ahli and Al Nasr. And these are the two most popular soccer teams in the UAE. And of course, it's on TV. And the cameras cut away to the VIPs. Okay, all the Sheiks with their white outfits and red head dresses. And right there smack in the middle of the VIP box is one American, one foreigner in a suit with blond hair wearing a Black Cowboy hat. And everybody on TV watching it. Everyone in the stadium. All they could say was, who is that guy? What's he doing there? How did he get in there? And of course, the word gets out really quick. That's the American Embassy guy, the one who played soccer with Ali. And so everywhere I went, I was known as Charlie the American Embassy soccer player.

Q: Don't get too far ahead because I just want to finish with Binghamton with you. You studied Arabic, you studied Islam and so on. What were there other experiences there that you recall that were consequential that were important to you?

KESTENBAUM: I think I covered pretty much most of the Binghamton issues of Woodstock, of Hippies of rejection, of finding in a vision, a direction, a sense of identity, and then going forward with it. Implementing it effectively the languages, the culture, the degree that goes with all of it. I think, and the unknown, the uncertainty of things that even ten years later from being an experience, still had an impact that could not have

possibly been anticipated. And certainly were worthy of being noted because of the impact it had years and years later that changed my life again.

Q: Now, what about then graduate school? You went to Cairo? What's it like?

KESTENBAUM: It was very different. And it was very unique because I did something that advanced my cause, dramatically, and changed my life again. As soon as I got to Cairo, and I showed up, I realized that I had to do something more than just study Arabic because language wouldn't be enough. I had to have some sort of profession, some sort of expertise, that would give me access and authority, because I wanted to have an impact. I got very lucky. And within my first week in Cairo, at the AUC, I heard about a program that they had, which was a student internship for journalists. And they had an American professor named Abdallah Schleifer who is a Jewish New Yorker. He had also been a Woodstock Hippie, and a pioneer who had dropped out and had changed his name and become a Muslim. He had seen God in a most amazing way because having been Jewish, he had a similar experience that I did about being rejected as Jewish but in his case, he had a vision of Islam, and God. He became a convert, and the most religious Muslim you could believe. And he went to Cairo, and became a professor of journalism at the American University of Cairo. And because he was there as a journalist with NBC News, he was unique as a true expert. And remember, we're talking the whole '73 Middle East war, and then the post '73 peace process, and in negotiations with Menachem Begin and Sadat all the way up into the Camp David Accord in1979 and the whole peace thing. For that decade from '73 to '79, Abdallah Schleifer was the most influential person in Egypt. Hajj Abdallah Schleifer. I ran into him in only his second year. He had gone there and after the war of 1973 gotten a professorship and was running this whole peace initiative for NBC and teaching on the side. I went to him and said, I want to be an intern and get three credits. I want to study and I want to learn journalism with you. And Abdallah said, great, you can be like me, just like me, you're a Jew who's become as much of a Muslim as he is a Jew. And I see you as a follower of mine. As a protege. So I became Hajji Abdallah Schleifer's protege. And I went to AUC and I studied journalism with him. And three months, okay, September, October, November, and my three months comes up in December, my internship is ending, is over. I've got to go back to school again.

However, what was happening then, the Lebanese civil war broke out. And Hajji Abdallah Schleifer was now spending most of his time commuting back and forth between Cairo and Beirut to cover the Civil War. And Abdallah says, Charlie, you want to join NBC full time? Then come work with us in Beirut. We need journalists, we need Americans, we need people who speak Arabic, we need people who are willing to take risks and face the guns of this war. Are you ready? And I said, Well, yeah, I'm ready Hajj, but I can't give him my degree. I haven't got my degree yet. And I'm still in my first semester. And I can't go there for free and take the risk of being in a war for nothing. So you gotta pay me. And he says, no problem. Here's what we'll do. We'll put you in the Commodore Hotel in Beirut downtown, give you a free hotel room, we'll pay you thirty-five dollars a day, room and board. And you can stay as a student at AUC, and you can commute back and forth. And because I'm a professor, I'm the head of the journalism department. I'll make sure that you can take your exams, and you can spend half your

time here in Beirut working on the war, and half your time during the ceasefires back in Cairo to study. Would you as a professor, as an Egyptian Professor have accepted that? No. But remember, these are Egyptian professors, and they're teaching journalism to Americans. And who's the mail journalism professor - the American Muslim, and journalism is actually being practiced in Beirut and Cairo, but why would you object to some students actually doing something, instead of just having to sit there and study it in a book. So the Egyptian teachers didn't like that I would spend half my time in Beirut. But they couldn't stop us. I commuted at least thirty times back and forth between Beirut and Cairo over the next three years, including the two years for my degree. And by the way, I graduated as valedictorian of the graduate school, I had the highest scores of any student in Egypt. And I did earn it. I was in Beirut during the war, the teachers just gave me all A's. No Egyptian teacher would dare give me anything less than an A, because I was out there doing it, covering the war. And in fact, when I came back, I would see President Sadat because I was covering that too, with NBC. So all of a sudden, these teachers are teaching a student who's doing journalism with the President of the country. And I ultimately flew, I ultimately flew with the Shah of Iran in a helicopter on his exile. But that's another story. And it was an incredible experience, very unique because I only went half time. And the other half, I was doing work in war coverage in Beirut for three years. Although, the degree only took two, so '76 and '77. I graduated in the summer of 1977. And went back to Beirut, full time to run the bureau there and be the manager of NBC.

Q: Sure, it's getting a lot more dangerous by '77.

KESTENBAUM: I was actually taken hostage and shot in 1976. The worst part of the Lebanese civil war, the worst violence of the Lebanese civil war was the summer of '76 when the whole Tal El Zaatar Palestinian community was wiped out in the summer. 1000s were executed which we felt was terrible, of course. And we filmed it all. Summer '76 was the worst part. That's when the Israelis had to help evacuate the Jews of Beirut who had to flee because the Christians and their Syrian allies were bombing the Muslim side of Beirut where the synagogues were. And they were indiscriminately blowing up synagogues and blowing up Jewish people. Ultimately, the Jewish community fled Beirut in the summer of 1976. We filmed it all, and who protected them as they were fleeing and leaving the neighborhood to get to the boats at the port? Who saved and protected them? Yasser Arafat and the PLO protected and helped save hundreds of Jews who were fleeing the civil war in Beirut, and who were being shot at by the Christians; talk about the ironies of Lebanon and the war and the Middle East! The ironies of the Lebanese civil war had some great stories there, but we can get into that another time. This shows the cynicism and complexity of the Middle East.

Summer of '76, they close the airport in Beirut, it was so violent. So the only way we could get cameras, crews, film, or anything in and out of Beirut, was through Damascus, through Syria, which was an overland route. So we had to fly into Damascus, and then drive four hours to Beirut, two hours to the border and then two hours from the border into Beirut. I set up a bureau in Damascus for the summer of '76, so that we could do all these logistics. I would take the crews back and forth and the cameras and worst of all

was we had to develop the film - sixteen millimeter film in those days. And the nearest place to develop it was in Amman, Jordan at the TV station, which was another four hours drive from Damascus. Otherwise, we'd wait till we could get it on an airplane and fly it to London which would then be developed but you'd never get that day's coverage to London in time to get on the air. So if you wanted that day's coverage, we had to figure out how to get the film from Beirut to Damascus and Damascus to Amman, where we could then develop and satellite it. I ran a bureau that went back and forth all day and that's more stories to tell because I lived in a taxi driving from Beirut four hours to Damascus and four hours to Amman to get the film back to Damascus, go back to Beirut, get more film and go back and forth. I had thirty-two additional fold out pages in my passport, and every one of them is filled with a two entry-exit stamp for either Amman, Jordan or Damascus or Beirut.

Q: Wow, incredible. Wow. Yeah, that's pretty amazing.

KESTENBAUM: In early September, the Palestinians were wiped out in Tal El Zaatar and four of them managed to escape Beirut, and they wanted revenge. So they got heavily armed and went to Damascus to punish the Syrian government for what the Syrians had allowed to happen. Because if the Syrians hadn't done it, none of those Palestinians would have died. It was a revenge effort at the Syrians and what did they do? They went in on the first day of the holiday after Ramadan, Eid. First day of the Eid at seven in the morning. And they went to the largest hotel in Damascus, the Semiramis hotel that I happened to be staying in. It was my headquarters, and my office was in there. And they seized the hotel, everyone in it was taken hostage, they shot up the lobby, and then went door to door and took everybody out of their hotel rooms and took them up to the fourth floor. Now they had sixty hostages, most of them Europeans or Westerners or other Arabs. The Syrian army then surrounded the hotel and proceeded to start to negotiate. And we learned who the 4 Palestinians were. Abu Hashish the leader. That was his nom de guerre. And he said, we're going to shoot hostages one at a time, if you don't cooperate. We want to negotiate the release of a bunch of Palestinians that are in jail in Syria. And we will release the hostages if you start to release our Palestinian hostages that are our brothers and sisters, and they should not be in your jail. What was the Syrian response?

Q: That I don't remember I had just gotten into college at that point.

KESTENBAUM: The Syrian army fired at Abu Hashish up from the street, up into the window on the fourth floor and incoming bullets were flying in. He ducks down. And he says Well, that's the end of negotiations, I'm gonna have to shoot one of you and throw you out the window. And he looks at me and he looks into the lady next to me and he says, Well, I don't think I'm going to shoot anybody because if I shoot my hostages, I have no leverage, even though they're not willing to negotiate. I'm not going to shoot you because I don't think that's the best thing to do. He didn't shoot any of us. Ultimately, we all got shot by the Syrian army when they stormed the hotel. It took them four hours to storm the hotel. Most of the hostages got shot by the Syrians. The Palestinians had suitcases filled with clips, and hand grenades. I mean, they were ready for war. But at the

end of four hours, they ran out of ammunition. And with their last bullets, Abu Hashish blew his brains out. And the hostage crisis ended.

The other three Palestinians ran down the hallway, barricaded themselves in my hotel room. And then proceeded to surrender. The Syrian army took the hotel and then proceeded to build a gallows in the square in front of the hotel and hang them the next day on Global TV with white sheets with their confessions. And let them hang there the entire day hanging and swinging as the message of this is what happens and how you get punished if you step out of line and you don't cooperate. But I got a bullet in my arm. I got a bullet in my leg. I got a grenade piece in my foot. I had a whole row of bullets right above my head in the wall. And I remember that there's a great moment. Something slammed my leg in the middle of this hostage battle. And so I thought holy cow. They're blowing up the hotel and the ceiling is falling down on top of me. So I picked my head up and looked down. It wasn't the ceiling, but was a hand grenade and had been thrown in there by the Syrian army. So it's a great story, these moments that stand still I can tell you, however many years later it is '76, right? Here's my first thought, grab that grenade, throw it out the window before it blows up. And we will still be able to survive. My next thought, what happens if it blows up before it gets out the window? And I'm blown up? Not a good idea. Then my next thought, how long have you been thinking this? How long does a grenade take? It is damn well gonna blow up? Throw yourself down on the ground. So I did. I threw myself down on the ground and it blew up and talk about the lessons of life, justice or injustice. I can't answer that. Except I'm still here. There was a Danish woman that was laying right up next to me. And it was on the other side of her from me. So as it blew out, and up, it blew into her. And only a few pieces hit my shoe and went into my foot. But I actually picked them out of my shoe and out of my foot, and hardly even bled. I still have pieces of it in my desk drawer, pieces of the grenade. But the poor lady, she was cheeseburger. She was, I mean, ripped to shreds. I was covered with blood. But it was hers, not mine. I had a yellow shirt, a bright yellow shirt, and it was quite red, most large pieces, especially in the back where she had been bleeding on me. So that's luck of the draw, to throw yourself down. But those moments that were time standstill, and you think, how long have I been thinking? If I've been thinking this? It's too late. So that's it. That's absolutely life and death, true story. And I survived. And I hardly even got a piece of it in my foot. And this other poor lady took all of it. And as did the others who were around and officially the Syrian government said I think something about six or eight or twelve people died, but everybody was just slammed and it filled the hospital with people. I got up and walked out.

Q: Wow. Incredible.

KESTENBAUM: I went out and rushed to safety. I remember it was Eid, the holiday. Everything was closed. And the hotel was blown up. I had no means of getting on the air. Such a unique story needed to get out. I am here and surviving as this hostage, this incredible experience. And I can't get on the air. Everything was shut down in 1976. Just to make an international phone call, you had to go through an international operator. If you had a phone. So what did I do? I rushed out to get in a taxi and rushed over to the American Embassy. The embassy is closed. But there's a marine guard. And I said to the

marine guard, call your security chief. Look at me. I'm covered with blood. I'm an American, get him in here, get the political officer in here, get the CIA chief in here and find the Ambassador. So they did. The marine guard called them and they came rushing in. They looked at me and they then proceeded to spend a half an hour debriefing me on what uniforms were the soldiers wearing? Did you notice an insignia on their uniforms? All the stuff that they wanted for Intel? And I said guys, guys, you gotta make a call for me to London. I gotta get on the air. You want to talk about how someone can hate the U.S. government and your State Department. Those pieces of shit wouldn't let me make a phone call. Oh, no. You're a journalist. You're a private citizen. This is an embassy. We can't be putting news coverage on the air through the U.S. Embassy communication system. That would be totally unacceptable diplomacy. You can't do that. You've got to go find your own phone. Are you kidding me? I spent the last forty-five minutes in here debriefing you all you political fools. And you're not going to let me make a phone call? They said we'll let you call your family in New York. But we won't let you call NBC. I did not want to talk to my family. They don't even know I'm here. And they couldn't care less. I needed to get on the air. What am I supposed to do? Pieces of shit. Quote me, pieces of shit in U.S. Embassy Damascus 1976 said to me, you got to go to Jordan, four hours away where you can get on the telephone. Because there's no way you can get on a phone in Syria, because the Syrians have closed it all down. The nearest phone is in Amman, Jordan. So get out of here and get in a car. I did. I got out, I went to the taxi stand. Remember I had been backing and forthing taxis for months. So I went to the head of the taxi stand. He said oh my god, Charlie, you're covered with blood. What happened? I said, I was in Semiramis. Oh my God. So he himself jumps behind the wheel and says I'm driving you to Amman. And we drove through—imagine this is the border guards both on the Syrian side with an exit stamp. And then the Jordan side with the entry stamp, and my passport and all the blood and one of those guys, they start telling their families about that experience that the American had. And I get to Jordan. And I go to the Intercon hotel, and I go to the switchboard. And they said, oh, Charlie, because he knew me. I'd been there, how many times? What are you doing? What happened to you? So I went in, and I got on the air. And I made my radio story. And then I went to the Jordan TV, and I got on camera. And I went live with NBC, live. And then NBC said, great, that's great stuff. Now, go back to Damascus. We're sending a camera crew in from London. And we need you to do an on site interview. Because it's so visual. Are you kidding me? What time is it? It's about one o'clock in the morning, though, Jordan time. And you're telling me to turn around? I'm covered with blood. I haven't even seen a doctor. And you're telling me to go back to Damascus to the site? And they said yes, that's what we want. Okay, I went to the head of the taxi stand. And I said, I gotta go back to Damascus. He said, You just got here. And you are covered with blood. I said my suitcase is still in Damascus. I have nothing. And NBC wants me back there because I gotta get on camera. This is okay. So he gave me a driver and I drove back. Now imagine the border, as these guys see me coming back from Amman still in my bloody shirt. And all right, I make it back to Damascus. It's morning, I'm not gonna have a minute of sleep except in the car. And there's my camera crew coming out of the airport. And we do the interview on camera in front of the hotel with all the dead kidnappers and the 3 guys were there hanging with their white sheets, very visual. And they said okay to me and said, You got to go back to Jordan, because this film has to be developed and has to be

satellited. Otherwise, it won't get on the air. Because remember, you can't do it from Damascus. And there's nothing in Beirut. So the nearest developing country is Jordan (again!). You mean, I gotta get back in the car and drive four more hours back to Jordan again, still wearing my bloody shirt. Yes. And they said we're gonna get on the plane and fly back to London tomorrow. But to get it on the air, you got to go to Jordan today. So back I went, with another taxi back across the border. These guys are by now saying oh my God, you're not coming back here again. Yes, serious. Would you please put on at least a clean shirt? So I went back, developed the film, edited it into a story, broadcast it and said, Do you think I could spend a night here? And NBC said, yeah, you can spend the night there. So I got a hotel room and I was able to take a shower and put on some clean clothes. And that was forty-eight hours between the moment when they think it started at seven in the morning and two days later, I was still in Jordan, but finally able to take a shower and take off the dirty shirt in a hotel room.

Q: This sounds like actually a good place to break and pick up your story with the next session. So let me pause here. I'll pause the recording.

***

Q: Today is Monday, July 10, 2023, we're resuming our interview with Charles Kestenbaum. Charles, just let me know what year are we in again?

KESTENBAUM: Okay, well, it's in about 1976. And we were talking about my experiences working for NBC News and Beirut Lebanon during the Lebanese Civil War. I think the main point of interest was that there were no rules in this war. And most wars don't have rules, although people hope to try to have some degree of rules. But in this case, where people are trying to extinct their rivals or their enemies, pretty much anything goes; I'll give you one crazy example. Because there were so many roadblocks, and so many neighborhoods that were different factions, nobody would ever have any sense of security of driving from one neighborhood to the next. And being sure that they were still with the same militia. I will tell you how crazy you got. If you drove up to the wrong militia, and they found your identity was something different than theirs, you were in great danger of being killed. How do they identify? And how do people hide their identities? People would carry multiple passports or multiple identities determining whether they were Christian, Muslim, Jewish, Palestinian, Arab, or what. And hopefully, they would recognize the militia that was stopping them at the roadblock on the neighborhood street corner.

Q: Were Armenians involved in any way? I know, there was some--

KESTENBAUM: Sure, Armenians were there. They were a minority group. They were particularly largely among the Christians on the east Beirut side of the conflict. They were mainly just victims. But I'll give you one example of how crazy it got. There was a period of time where you would have to determine particularly who were Palestinians, as

they were really the key group. Everyone wanted to either kill them or protect them or whatever. There was a period of time in 1976 when at a roadblock, the troops would try to find ways to fool or trick the people they were interrogating who were trying to get through the roadblock, and determine who exactly they were, whether they were on their side or not. So they would do such amazingly crazy things. For example, for a while, the guys would pull out a tomato. And they say, what is this? What is this called? What's its name? And, well, if you are Lebanese, you would say, Banadura. But if you were Palestinian, you would say, Bandura. The a, the letter a in the middle was not used in the slang of Palestinians. So they would pull out a tomato and yell at you, what is this? And the guy would say, Banadura, Okay, go. And you say, Bandura, oh, you're a Palestinian, bang, and shoot him. In a place like that, where you had such truly crazy and uncertain circumstances where your identity would literally determine your survival, or your death, and how you show that identity was really life or death. So that's kind of the insanity of that story. That whole period of time for three years from December 1975 until February 1979, when the final main ceasefire, actually, I don't know if it was the eightieth or ninetieth ceasefire or whatever it was, but they did reach an actual real ceasefire that held for many, many years to come in terms of the end of the military conflict of the Lebanese Civil War. And that's when I left Lebanon, in February 1979 when the Civil War was pretty much stopped.

NBC News wanted to transfer me not back to Cairo or back up to New York, where I wanted to work in the New York headquarters as a full scale career producer, director, reporter, but rather NBC said, we want you to go to Tehran because the civil war is going on in Iran. The revolution is going on. Ruhollah Khomeini is taking over and the Shah is fleeing. And actually I ended up in Cairo that month. I quit at NBC, I went back to Cairo. And then still worked at NBC Cairo for a while and actually flew in a helicopter with the Shah of Iran from Cairo to Aswan, where he met with Anwar Sadat, and took refuge briefly until they then flew onward to the United States where he ended up. But in '79, I went back to Cairo, and then quit NBC, and returned back to the United States to start the next stage of my career, which was interestingly to the Commerce Department, and my career with the Foreign Service. So that's kind of the link. The lead in was to say that I did NBC in Beirut and Cairo for three and a half years, and in February, left the Middle East and went back to the United States to restart a new career.

Q: Let me ask a question, since your next career move is into the Foreign Commercial Service. Did you take the Foreign Service exam or how were you recruited? Or how did you get in?

KESTENBAUM: This is an interesting story, because it really is something of great value to the history of the Foreign Service, as somebody as small and meaningless as me, can actually have a really amazing impact. I joined the Commerce Department as a student intern, GS-7, on a six month internship, because a friend, a relative of mine had said, oh, we need people in our Middle East division. And you have a Middle East background in terms of business and languages and experiences. And you just left Anwar Sadat, and the Shah of Iran. You certainly should be qualified to work at the Commerce Department as a trade specialist. I applied, and in July of 1979, I was hired as a student intern. To get in as

a GS, General Services, it takes about six months to go through the whole hiring process, because they have to openly apply and then compete. All the people who apply, you have to test them all, rank them. You have to be ranked in the first three to be allowed to go forward. The irony of it is that I joined the Commerce Department as a student intern. And literally six months to the day when my internship ended. It was a Friday afternoon, and I was going home and I said, well, I won't be back again until you hire me. And I got a call from the personnel office saying congratulations. We've just completed the hiring process, and you're being hired. So come back in on Monday morning. I didn't even miss an hour from my six month student internship. And I think that's got to be truly unique. That literally on the last hour of my internship, I got a call saying, hey, we hired you. So come on back. And now you are career—but not yet Foreign Service, I was a GS General Services Officer, as a Middle East trade specialist in the Office of the Near East, which was the Middle East Office of the Commerce Department.

I went to work there that fall. That was the interesting part of it and of course, you remember what I said about the Shah, and the Iran revolution? So where did they put me was they put me on the Iran desk, because I had experience there and who else had actually met the Shah? I was twenty-seven years old. It was my first month on the job. And I was put on the Iran desk and we worked as part of the interagency team, with the Foreign Service, led by the State Department and Treasury, mainly Treasury, which put in the first sanctions against the Iranian regime, Ruhollah Khomeini, the Revolutionary Guard, and the Iranian Revolution. And the sanctions initially, of course, were imposed on oil, because they were tankers filled with millions of gallons of crude that were on their way everyday loading and going into the United States. We had to impose our sanctions. My first real interesting experience that involved embassies and foreign affairs, was actually as the Commerce Department desk officer in the Middle East, but working on the interagency team, which created the first sanctions against the Iranian regime. Ironically, remember we're talking 1980 was an election year. I had a little interesting experience, which I will just mention briefly, which was that because we were on the team that created and then were monitoring the sanctions, we also were the people that were able to tell when they were being violated. And I spent the rest of my twenty odd years in the Foreign Commercial Service, working both sides of that subject. On the one hand, I'm promoting American exports and trade to global markets. On the other hand, I'm trying to prevent American products and trade and services from getting into the hands of people we don't want to get it. We called it Trade Promotion vs Trade Protection.

Q: Here let me just ask you a quick question.

KESTENBAUM: So that's a big conflict.

Q: In these early days with the sanctions on oil, is there an example of how you found out where and how the sanctions were evaded?

KESTENBAUM: Yes, absolutely. Very important. We tracked shipments of crude and boats where they were coming from the origin, the sources or the declared sources of

origin, we were able to track the ships back to where they originally did come from. A lot of the ships that were loading were not American ships, although a couple of them were, but ships that were loading Iranian crude, were falsifying documents to say it wasn't Iranian. It was for example, Saudi or Emeriti, particularly the UAE, Abu Dhabi. We were able to trace some of those shipments back to Iran. And we were able to tell the U.S. government that didn't want to hear it, the State Department did not want to hear it because there was an election going on. And they did not want to be embarrassed to have the public become aware that the U.S. government was not effectively enforcing the sanctions against the Iranians, despite our embassy being held hostage, and our fifty odd U.S embassy employees being threatened with their daily lives. And here we are violating our own sanctions and allowing millions of millions of gallons of Iranian crude into Houston, into U. S. ports. When that came out, there was a huge media to-do. The administration, remember, that was the Carter administration. They lost the election. And I'd have to say that it wasn't because of us or what we did. But we certainly contributed to their reputation and the key moments in the last three months up to the actual day of the election, when the administration was embarrassed in public by being exposed as not enforcing the sanctions effectively. And the Ayatollah Khomeini was still getting millions and millions of dollars of U.S. money, while our embassy was being held hostage. You can imagine the media to that it was a huge one. And of course, we hid mercifully, behind our leadership in Commerce, and no one ever actually knew it was us that had revealed it. But we played a very serious media game. I mean, it wasn't a game, but it was kind of whatever you want to call it. But there was a media battle.

Q: Now, one other question since you were in the interagency negotiations over sanctions, were we looking at other sanctions, food or humanitarian goods or other things?

KESTENBAUM: Oh, yes, absolutely. It was just the oil was the main one, because the ships were already on the high seas, and they were very visible, and they had the largest number of dollars involved. We can go into the whole issue of sanctions, because a year later in 1981, I actually went out to the UAE, to the U.S. embassy there as the commercial counselor, and my first assignment. I spent five years there in Abu Dhabi and Dubai, in both the Embassy and Consulate. And my job was exciting - to enforce as boots on the ground, as the person in the dirty sandbox, actually watching and reporting and understanding and identifying how the sanctions were evaded. Not only that, but then I went back from '94 to '97 to do the same assignment – a total of 8 years in UAE.

Q: Let's stay chronological before you go out to your first overseas tour, let's finish up with the time you spent in main commerce was the only thing else that you did there before you go out as a commercial counselor?

KESTENBAUM: Oh, yeah. Well, it was a very busy time. You can imagine what the Middle East was like with the U.S. embassy and the sanctions, with the 1980 elections, all of that. It was an extraordinarily busy time. Also in '80, of course, the U.S. Congress passed the Foreign Service Act of 1980, which created the Foreign Commercial Service. This was because the U.S. government and State Department had done such a terribly

poor job of paying any attention to or caring about American business interests. The business community finally rose up and went to their Congress representatives and said, enough is enough, we're losing our jobs, and you're losing jobs and income, too. We will not vote for you anymore unless you figure this out and start representing and supporting American interests overseas. In the 50s, and 60s, after World War Two, the U.S. recreated the global economy. We dominated like nobody had ever dominated the global economy before. But in the 60s, and certainly into the 70s, you had all the Asian countries, China, of course, but mainly Japan, Taiwan, and Korea, those three, especially, were just going crazy rebuilding their economies and creating new jobs. How? By stealing U.S. technologies and reproducing them every way they could. Suddenly Pratt and Whitney had a competitor called Mitsubishi. Or GE was suddenly looking around at Marubeni and saying, Oh, my goodness, not only are they copying our stuff, but they're actually making it better for less because their government is subsidizing it. The really critical period was from 1960 to 1980. A twenty year period where the U.S. just wasn't paying attention to the erosion of our steel industry, of our manufacturing industries, our turbines, and the big heavy industries that began moving to Asia. And by 1980, the U.S. industry had been so terrified of what was happening to it, that they actually interfered and engaged and got the Congress to create a whole new entity of foreign affairs. This was intended to help them to compete more effectively. And we did that. And I have something else, later, I'll show you. Can you see this?

Q: No, a little closer. It's hard for some reason, the video is not quite capturing it.

KESTENBAUM: Okay. Well, it is a certificate of appreciation from the McDonnell Douglas commercial Delta launch for a satellite launch in Indonesia. It is dated 1990. And we actually interfered and helped the American company defeat their Chinese competitors. They won the contract to build and launch the Palapa satellite. And that was a direct competition against China, who built the Long March rocket. We shared secret intel on the Chinese cheating and lying about the Long March. That's an example where the State Department, the CIA, and the Pentagon all said, No, you can't do it. It is too sensitive and risky for our intel programs inside China. We said, but we have to, to help win. And we defied the embassy country team, we defied the CIA chief of station, and we found a way to get the job done. We convinced the key Indonesian government officials not to trust the Chinese who were really lying. What I really want to say is access in foreign affairs, access to your host country is really critical. And we commercial people, because we had a fairly narrow focus of what our objectives were and our target of who our audiences and our clients were, we had very effective access, that no one else in the embassy was able to achieve as quickly or as completely. Those accesses were through groups, such as American chambers of commerce, or industry and business groups.

Q: Now, let's not get too far ahead. How is it that you move from GS into the Foreign Commercial Service?

KESTENBAUM: Well, they created this foreign commercial service, and they had to staff it. They created a certain number of positions at Embassies abroad. I don't remember

what the first number was, twenty, forty, fifty, or one hundred. The first thing they said was to those people who were already filling those jobs at the State Department. I mean, they took fifty or hundred jobs away from State Department and said, we're creating a new entity. We're not adding on your jobs. We're taking them away from you nice people. Then they said, well, okay, State Department officers. Do you want to continue this job? You can transfer over to the Commerce Department to the Foreign Commercial Service. And most of them said hell no, because they didn't want it because they were then no longer State Department people, they were no longer Foreign Service officers. They had spent most of their life efforts to get to this point to become a famous global diplomat, only to be told, now you're going to be a commercial officer, and you're going to be worried about selling pots and pans, cigarettes, cards, and turbines. Holy cow, they don't want to do that. That's not what they joined the Foreign Service for. So very, very few of them transferred over into the Foreign Commercial Service. Here's the Commerce Department, with this new entity of international affairs. They need people with languages, with experiences overseas, with business backgrounds. They came into our offices and said, within our inner core of our experts who are involved with international business and affairs, would any of you like to join and transfer into the service on a two year limited reserve assignment. No career jobs, they didn't have a career job yet. They weren't sure they would still have a career job two years later, they certainly hadn't defined the jobs and what they were and how you would qualify for them. They had to start all that literally, from scratch. But they also had to fill those jobs quickly. Otherwise, they would be told, well, you see, we gave you these job fifty jobs and you didn't fill them, so we're gonna get them back to State. Commerce did whatever it had to do to get those fifty people or hundred people out overseas with a black passport. And of course, there I was sitting on the Iran desk in the Middle East office, doing the sanctions with Treasury and with State Department, so they knew me. And if you had to ask somebody at State Department or Treasury, hey, we're going to send this guy over to the embassy. You think he could do it? Well, damn right he could, he's doing it with us right now. He's helping us write the regulation. And what the heck did the State Department people know about commercial regulations in the first place? Not only is he helping us, he's leading it or helping to lead it. But Treasury thought they were leading it. They love to say Treasury always leads. I mean, they got the money, the power of the purse. Commerce said, okay, let's get some of these people out there fast. They created a whole new group, and within a few months, brought people in from anywhere, literally, almost anywhere, to fill these jobs, even from the private sector.

Now, having said that, I'll just give you one number, years later, years and years later, 1995 and we'll get to that later, but just one number. Okay. In 1995, the second sanctions were imposed on Iran called the Iran Libya Sanctions Act, ILSA. They expanded the sanctions on Iran and on Libya. We were doing a survey of how effectively these sanctions are implemented. We can get into lots of detail as to how sanctions are evaded. But bottom line is, we discovered that for the major U.S. companies with regional headquarters in Dubai, the market was truly global. Everything was being traded there from Europe, to Asia, all the Middle East, all of Africa, even South Central Asia. Often, as much as 75 percent of all the items, whether it was film for Kodak, or generators for GE, as much as 75 percent of all those items going through Dubai regional headquarters,

we're ending up in Iran, evading sanctions. The whole idea of sanctions is really not to prevent the country or the target from getting the goods, it's to make them bleed, to make them pay more for it. To squeeze them, stress them, make them struggle, block them every way which you can. In the end ultimately make the price go up because one thing we didn't want, we did not want was for Kodak to lose its entire market to Fujitsu or Fuji, or Mulvaney, or whoever it was that was making the competitors film, or GE losing 75 percent of its entire Middle East global regional market for generators to Mitsubishi.

On the one hand, we wanted to impose the sanctions but on the other hand, we didn't want to drive our American firms out of business. That would be self-defeating because we would be giving those foreign global markets 100 percent share, handed over to our competitors without any challenge. And so that wasn't what we wanted, either. We had a very conflicting set of priorities that we discovered in 1980, 1981, when we created this entity, and then over the last forty years of implementing it, we've engaged with all the complexities of interactions with people like China, or Iran. And on one hand, as I say, you want to make them bleed. But on the other hand, you don't want to kill them. Or worst of all, you don't want to make them go off to your competitor and kill your own company and product in the process of self-defeat. So that just gives some kind of small perspective on a sense of where and how the concept of sanctions gets engaged and how the U.S. government failed so miserably to understand and effectively engage. The last thing anybody at the State Department wanted was to put American companies out of business or anyone in commerce for that matter, either. That was not our objective. It was a very complex and challenging set of objectives - how do you defeat the enemy without defeating yourself?

They were initially going to send me on my first assignment in August 1981, to Baghdad, Iraq. For whatever reason, they decided they were going to send me instead to the United Arab Emirates, Abu Dhabi, Dubai. For Baghdad, they brought in a limited reserve officer, an American who had never been in the government at all. But he had business experience in Iraq, so he went out there. And at the end of his two year limited assignment, they threw him out. He wasn't suited for the job, he just couldn't do it. He didn't have the skill base, he couldn't perform in that kind of complex and uncertain situation. Remember, the Iraq-Iran war was underway. The Iranians were threatening Iraq, and this guy was being sent to a war zone with Saddam Hussein as the president, but he hadn't been trained a single day as to what he was supposed to do, or how he's supposed to do it. We simply had no training yet. We were sent overseas with the hope that we will figure it out really quick. I was very lucky, because Iraq was a career dead end. But for me, of course, United Arab Emirates was Boomtown, it was going crazy. Oil prices were way up, and everybody was making a fortune. They had more money than they could spend. They were in a big hurry and desperate to catch up to the rest of the world. And of course, they were already violating the Iran sanctions, because that's where it was all going on - in Dubai. And believe me, sanction evasion didn't begin in 1981. The black marketing in Dubai had been going on for twenty years – at least since 1969, when they really expanded the black market in Dubai. Trade promotion was what we called our primary focus. But when you're dealing with issues of sanctions and violating laws and regulations, we have what was called trade protection. We performed both at the same

time, hopefully, equally effectively, as promoting the trade that was appropriate and licensed and protecting those trade items that weren't appropriate and weren't licensed and weren't supposed to be conducted.

Q: Alright, let's go back to 1981. You entered the Foreign Commercial Service for the first time. How did they approach you? In other words, what did they say you were going to be doing?

KESTENBAUM: Well, it depends on who is they.

Q: Please go right on.

KESTENBAUM: I obviously had two sets of bosses. And this is kind of how it went. This is the parallel that is part of the nature of the Foreign Affairs system. Embassies are filled with many "other agency" people. They're not all State Department by any means. And in some cases, even as many as a majority of embassy officers are from other agencies, whether Treasury or CIA, or Pentagon or public affairs, or any of the others such as commerce, agriculture. Let's not forget agriculture, my goodness. But each one of those other agencies had very fairly narrow and specific focus priorities, objectives, and performance evaluations.

I can tell you that one of the biggest problems that State Department has always had, at least from the perspective of people like myself, is that they had very few real sets of prospective objectives, especially identified performance objectives that could be measured, and therefore really evaluated for success and failure. I mean, when you're talking about relationships, and you're talking about broader pictures, things like sanctions that are relations that play out over a year, five, or ten years, the whole issue of what the U.S. is doing with Iran since 1979 is still playing out every year and changing every day, or every year as terms at the core of those relationships. What are our priorities? And how are we trying to impose or enforce various policies, or stop imposing them or enforcing them, making them stronger. The problem with the foreign service in general, is that it doesn't really have a fully, regularly defined measurable set of performance evaluations. It's much looser, and variable depending on the perspective of the officers in Washington. Who's judging that performance as much as anything else. You could be thinking you're doing the greatest job in the world at your embassy, only to discover, halfway through your year, a six months evaluation and find out that somebody there is writing you down for not being up to standard or missing the boat. Why weren't you telling me about it in the first six months, so halfway through my evaluation, now you're telling me I'm not 100 percent.

That's not what happened at Commerce and Foreign Commercial Service. We were clearly defined by very well-placed measures of performance. Did your sales go up? Did they go down? Did your exports increase or not? How many events did you hold? How many jobs did you create? How many dollars did you handle? And all the factors that go into evaluating that performance. So very much more easily and clearly defined in that context. It was easier for us because we can say, well, we have six trade delegations, we

helped forty-two U.S. companies sell products, we have testimonials from those forty-two companies saying what we did and what the impact was. It's clearly definable, measurable, and evaluated in competitive nature. Did I do better than the guy in the embassy next door? And the country nearby? How did the people in Saudi do compared to the people in Kuwait, or at the U.S. Embassy in Abu Dhabi? Well, unfortunately, poor Kuwait was invaded the year before. All they're doing is trying to keep from being blown up, or whatever it may be. The performance in Baghdad, for example, where I did serve two years there, in '86, '87. Five years after joining and going to UAE, I did get assigned to Baghdad, and we can talk about that later as well, in terms of how I was measured, what I was expected to perform, how I did or didn't perform, and what those measures and values really were.

Q: Here's a quick question. So in all cases, in these years, from when you begin in the Foreign Commercial Service, until I imagine many years later, the person who evaluated you was not in the embassy. They were in Washington.

KESTENBAUM: No, no, both. I daily reported to the Deputy Chief of Mission. Each senior official of a non-state entity such as commerce, agriculture, treasury, would report to the Deputy Ambassador, who was the DCM (Deputy Chief of Mission) as part of the country team. DCMs also served as acting Ambassador. They were called Charge D'affaires, and they were acting ambassadors. But ultimately, the day to day performance evaluation was under the control and authority of the State Department and the embassy in-country. And secondarily, but also equally importantly were the people back in Washington, and all the interior agencies that were involved, because ultimately, they would make the decision whether the guy in Abu Dhabi did a better job than the lady in Riyadh, or the lady in Riyadh did a better job than the guy in Cairo, based upon the evaluation factors that were sent in by the embassies, and by the business communities. They were very interested to hear what the U.S. Chamber of Commerce would say. And we figured that out very early in our existence. I arrived in 1981 on my first assignment, and there was no U.S. Chamber of Commerce, no U.S. American business group, no US Business Council. There was a British Chamber of Commerce because the British had been running the country there for a hundred years. They had set up their chamber of commerce decades earlier. And they were controlling the business economy as a result of having the interaction between their chambers of commerce and all the host government entities and the ministries and the commercial entities counterparts of theirs.

So just one really quick story. I arrived in UAE in 1981, July, and immediately realized that there was no U.S. Chamber of Commerce. I went to my counterparts at the Chambers of Commerce in Dubai, and in Abu Dhabi, and I said, Hey, Muhammad, the British have a Chamber of Commerce, why can't the Americans. They said, oh, we don't want the Americans to have a chamber of commerce, because you'll take over, because you're so big and powerful. We're purposely not letting you have a chamber of commerce, because we don't want you taking over our economy. I said, but you don't seem to understand. Let me make it much clearer to you. And this is the art of diplomacy, okay, telling someone to go to hell in a way that makes them look forward to the trip. Quote that. But what we said to them was no, you don't understand, the Chamber of Commerce that will set up in

Dubai or Abu Dhabi will be representing Your interests in Washington, they will be your voice, the American companies that will be part of that chamber, all they're going to want to do is do business with you and make money and represent your interests and their interests in Washington. Give it a thought, and see whether that makes sense or not. Whether it becomes a voice for you, and you having been isolated from growing out of here as these camel herders, and now you're talking about flying spaceships. You need to change your approach. And you need to restructure how these relationships go forward. And the chambers of commerce are major tools in your favor. They're also major tools in my favor. Are you kidding? They're gonna report to me, not to him, or them right. But they heard it, his name was Saeed Al Naboodah. He was the president of the Dubai Chamber of Commerce.

I went to him. And I told him about it. And I went to the guy in Abu Dhabi, and I told them about it. I said, give it a year. Look at it carefully. Let's see what we can do to show you examples of how we can cooperate and help and where it would be in your favor in Washington to do that.

Q: Now, I do want to ask a question. All right, you have put this idea before him. But in your own mind, what was your plan to set it up? In other words, who would be the stakeholders? How would you find them?

KESTENBAUM: I went to the American business communities in Abu Dhabi and in Dubai. And I talked with all the major business companies and executives, the lawyers, company reps, especially the senior vice presidents as regional VPs. For firms like GE and Kodak, as I mentioned, they're easy ones to name and remember, especially since Kodak's gone, but GE still exists, I guess, maybe, for today. Anyway, yes. I went to the American business groups. And over the period of the first year, I explained to them the new world we're living in and working in and how the U.S. government had finally awakened, to engage in support of them effectively, and how we needed them to step up and organize. We formed steering committees of somewhere between five and ten American business executives. Each of them had at least one lawyer, preferably two, so they can argue with each other, and fight. And it was a nice mix of American business executives who wanted to participate. And we formed a steering committee, and the steering committee went to the U.S. Chamber in Washington and said, we need your help. We need you to organize us, all the legal aspects, all the organizational and structure aspects, funding and budgeting and bank accounts and all aspects. So when membership dues get charged, they're accounted for. We're going to need an auditor on the board, some firm, KPMG, or somebody like that, right. We organize the board very carefully, to represent the essential interests of the American business community as a whole. Those boards, then organized themselves quietly, the lawyers did a lot of the legal work for free, because they are going to get powerful positions and visibility. Everybody who was on that board did so because they wanted the visibility and the influence with their own company, their own management to show what they could do, obviously. They focused with the host government and host business community to show how they're supporting their business communities, especially the local business partners that they have. Everybody got on board. And within a year, year and a half, Mr. Naboodah, the key guy

in Dubai came to me and he said, Yep, I think we can do it. Now, you get your lawyers to talk to our lawyers and sit down, and we'll form a joint steering committee. And then you can format and legally register the chamber first with the government. We will help you do it. We went through the process of registering the chamber, its minutes of incorporation.

Q: Yeah, the meeting and creating bylaws and so on.

KESTENBAUM: All the above. And we did it all. And in 1983, the American Chamber of Commerce Dubai was created. Now, Abu Dhabi was a little further behind, and they didn't want to do it yet. They wanted to wait and see how Dubai did it. It's typical of Abu Dhabi to wait and see what happens in Dubai before they go ahead and do it. But in 1995, on my second tour back there, we created the American Chamber of Commerce of Abu Dhabi. We did create it, it took us twelve years to expand the opportunity. And only really, because I was back there again; the people who followed me didn't do it. It's all a matter of what your perception is of your priorities, and what you're willing to do and accomplishing what you think is your job. And obviously, people had different approaches or perspectives because it wasn't so clearly defined as the State Department. I mean, Commerce was still finding its way. Remember, we said that they had no entrance program, there was no test. There was no training. So I did my first two years on reserve. Now, it just so happened in my first year in Abu Dhabi, I ingratiated myself very effectively to the Chargé D'affaires. His name was Patrick Theros. We had no Ambassador at the time. So he was a Chargé. But he was ethnically Greek. He was a business focused guy. He loved business, and he loved American competitive chambers of commerce and interests. And so at the end of my first year, he wrote an evaluation, which nominated me for the Silver medal of Commerce.

Q: Interesting, now what is the silver medal a lot–

KESTENBAUM: We have gold medal, and silver medal. And these are for outstanding performances beyond the call of duty. Gold medals generally have something to do with life or death, where you survived some sort of shooting or kidnapping or something, or you protected somebody else. But, I didn't even get the silver medal, as Congress gave it to somebody else, because they didn't want to give it to somebody in the first year of the Foreign Commercial Service. They weren't sure whether it was real or not, or whether it was worthy, or whether the service would even be there a year later. I didn't get the award. But when my second year was up, they then finally had an evaluation process to determine whether the officers they were bringing in were actually qualified and those who were out in the field actually performing what they were supposed to be. I went through the second year process of my two year limited assignment. And there were some questions whether I would be renewed, and my limited assignment would then become permanent, because I hadn't been tested or trained. Now, I argued furiously at the Assignments panel and the performance of the Promotions panel. I said, how can you not promote me, or at least reassign me to that assignment? When I was nominated within the first year as a limited assignee for the silver medal of Commerce Department by the State Department, the State Department wanted to give me the silver medal. So, hadn't I done

something at least minimally worthy of being kept in the service, simply because you haven't yet tested me properly. And they did, they had to have a special committee formed. And they renewed my assignment, and they made it permanent. I never actually went through a test or passed a test to see whether I could do the job. And I actually never went through a day, an hour of training in the Commercial Service as all the other officers years later all have to go through, weeks, months, goodness gracious.

Q: Here just one other question about your hiring. Typically in the Foreign Service, you are hired, you're hired on a limited appointment up to about five years during which time you have to win tenure. Then you are a permanent member of the Foreign Service.

KESTENBAUM: I did it in two years. My limited assignment was over at the end of two years, and then they had to either make it permanent or not. And then they were saying, well, you've got to take the tests. And I'm saying, what the heck do I have to take tests for? First of all, you don't even have a real test that's effective. Second of all, what's the point of performance evaluation, if you have to take a test to determine whether you can perform? That's backwards, guys, I understand that the test is essential for the future. But if you send somebody out without a test, and they perform to the level of the silver medal nomination by somebody who you don't trust in the first place, then dammit, what's the matter with you guys? And they said, well, we now have a system, we just can't. It was just extended for another three years. It thus became a five year tour. Then they sent some new guy they brought in from the business community to be the new Senior Commercial Officer in Abu Dhabi. And they transferred me to Dubai, to open a full-term office in the Consulate, because of all the business that was going on in Dubai, and so they transferred me in 1983, to Dubai for another two years there.

Q: From Dubai to Abu Dhabi?

KESTENBAUM: No, I was in Abu Dhabi in '81. And in '83, they transferred me to Dubai. And they put in a senior guy, this outside crazy guy to be the new boss, he lasted a year and he got fired. They moved me back to Abu Dhabi in 1984.

Q: I see. Okay.

KESTENBAUM: I was going back and forth. Because, this was a new entity. And they were bringing in people from the private sector that looked good, sounded great, had wonderful resumes, languages, or whatever they were supposed to have. But in many cases, didn't perform for many reasons. And in this case, the guy was there and he did not understand who he was or what he was supposed to be doing. So he did a lot of things that were highly illegal. And he didn't last a year, and he was sent home and fired. Remember, the first guy they sent to Baghdad didn't last two years and was kicked out. The guy they sent to Abu Dhabi a year later, was kicked out within a year. They had some very, very serious learning curves to go through and some serious failures in the first years of the service. And we were all terrified because we didn't want that to be spilled over into our reputation. And the rest of us believed we were doing really good

things and had serious impact, and an influence that others in the State didn't. And we can tell you some really great stories like I told you about the Palapa satellite launch.

There's another thing I wanted to say which we'll get into again, in future two. The Commercial Service has access to the community in unique ways; through the chambers of commerce, and through trade delegations, and through managing trade events that the State Department and other agencies of government didn't have. For example, I brought a delegation of senior government officials from Indonesia to a big trade show in Bangkok, Thailand. And thus we have the Minister of Communications and his whole inner team as guests, and we hung out with them with some ladies, (this was Thailand!). We became such best buddies, that when we went back to Indonesia, we met them a year later for some big competition, to fight against China. That minister came to me, and he said, we need your help. We don't want the Chinese, we want American companies and products. We need you on this. We need your help. So he actually came to me, you think he would ever have gone to the damn American Ambassador and asked him for help? Never. I would like to see any U.S. Ambassador step up and tell you of any Ambassador who got called in by the Minister of Communications asking for help to keep the Chinese out of his market. It came to me and we did it.

Q: Alright, but let's not get too far ahead into Thailand.

KESTENBAUM: I'm just showing the whole perspective of what we're getting into, why we're getting into it, and how it goes forward, or it doesn't in those cases. An officer didn't make it in Baghdad, then he's gone. The officer they sent—and these were both in almost each case, they were outsiders, not commerce officers, but entirely outside business executives who didn't understand government at all. And once they were in the government realized that it wasn't working for them, it wasn't what they wanted. And certainly, they weren't going to succeed at it, unfortunately. One of the things we learned early on was how to recruit, the types of personalities, the types of skills, that would be more likely to succeed than not. And so that became a part of the personnel and the profiling. That was a process of learning how to pick the right people in the first place. So learning often by failure as much as success.

Q: All right, let's not leave Abu Dhabi, Dubai, until you feel like you've told the whole story there because, yes, you've created the chambers of commerce. But were there other things that were going on for you at the time?

KESTENBAUM: Well, lots of events and things like that. Yeah. I would say that. I can give you an example of how something we did that was really special and made a difference and that State didn't do and how important these changes were early on. Okay. First year 1981. Dubai, trade shows International Trade Center, World Trade Center, forty-two story tower, the Chamber of Commerce, big trade events, exhibitions. Okay. They had a big exhibition in November '81, in the Trade Center in Dubai, and the U.S. exhibition was all about cowboys and western wear, horses and saddles, and Bret Maverick cowboy hats, the black cowboy hat. We ran a big trade show at the Chamber of Commerce. We ran it because commerce suddenly had taken over and said, Oh, look, this

is a massive trade show. Let's organize and do it. Now, a year earlier, in 1980, before the Commercial Service began, we did a trade show in Bahrain. And I went out there as the manager from Commerce. So even back prior to the Commercial Service, Commerce Department was engaged in running trade shows around the world and using them for very effective activities. And we have an absolutely insane, crazy trade show story about what went on in Baghdad later on in our history. The bottom line is that Saddam Hussein's son Udai sent an army unit to surround the trade show at the Conference Center in Baghdad and hold all the American exhibitors hostage with guns until the Americans handed over Mickey Mouse cell phones that were on display in the U.S. exhibition. That's a story for our future. Mickey Mouse cell phones and they had the entire U.S. exhibition surrounded by Saddam Hussein's personal guard with guns threatening to shoot us if we didn't hand over the cell phones. Saddam's son wanted them.

Q: This is yeah, the notorious Saddam regime and the crazy sons. Yeah.

KESTENBAUM: We had to run the Baghdad fair, and we made a foolish mistake. The U.S. pavilion had U.S Information Services handing out one kilo bags of American wheat flour because we were exporting millions of pounds of wheat flour. When the Iraqi people realized that the American government was giving away free food, they swarmed the exhibition center, and there was a riot and thousands of Iraqis swarmed the trade show. The American Exhibition Center was overrun and the police had to come. They started shooting in the air at this crowd that was swarming the U.S. Exhibition and stealing our bags of wheat flour. We didn't know what to do but we begged the Iraqis, please don't shoot them. Please, please. We'll bring more. Don't worry. And of course we stopped handing our wheat flour bags that afternoon and tried to get the show back onto a normal stage but can you imagine that people are rioting for one pound bags of wheat flour and the Iraqi Government is shooting at them and killing its own people outside the U.S. exhibition in Baghdad? I mean, talking about trade shows. Oh my God!

Q: Alright, but you're still I mean you have a total of five years in Abu Dhabi and Dubai. What else happened there?

KESTENBAUM: Well, all those things were just crazy trade shows, exhibitions, rocket launches. I mean, it was just busy, busy, busy. Unbelievable.

Q: Were there particular U.S. sectors that were really beginning to export there or do business in Abu Dhabi?

KESTENBAUM: Well, all of them, obviously, the biggest one, of course, was airplanes. They started Emirates Air, and then Etihad Airways. I think Emirates Air began in 1982. And the first aircraft for Emirates Air in 1982 were two Airbus A-300s that they leased. And we freaked. And we said that ain't happening again. So we made a serious effort on behalf of the American aircraft manufacturers. Classic. They started buying American, of course, and so we were very happy with Boeing competing with Airbus in that regard. So that's kind of an example where the competition there was real, we had to awaken and see what we could do for our American firms.

Q: You mentioned cowboy and Western wear and so on. Were consumer products also going there? Food items or other consumer goods.

KESTENBAUM: Everything.

Everything by the ton, everything. Everything you can imagine, and even things that you couldn't have imagined were going there. Absolutely. They were just happily buying everything American. And we were happily selling them everything American that we could anyway. The biggest problem we had in that market was IPR. Intellectual Property Rights involves the counterfeiting of American products, particularly in Dubai. From the 70s onwards, everything we did, particularly anything that was a video, or that was software, or that was consumer products, everybody would counterfeit and of course, in those days, there was no law, there wasn't a rule saying you couldn't. We would go to Emirates and say, hey, you're counterfeiting (whatever it is today). And we're seeing it. And they said, well, there's no law saying you can't. Say well, wait a minute, you're counterfeiting, Lay's potato chips, can't you make them under some other brand? Why would you allow or accept others or even your own industries to start counterfeiting real products, not just creating new products? And the answer was because those real products have markets and are selling, and we can capture that market instantly, and we can underprice it because we're not having to advertise. We're not having to invent and create new products.

So for example, AT&T added 10 percent to the price of everything it sold outside the United States automatically, simply for the cost of new product research and development that had to be built. And so anybody who was competing with AT&T had a 10 percent price advantage, assuming they had a competitive product that was equal or better. Obviously, they weren't equal or better, at least initially. But eventually they became equal or better and cheaper. That's where the Japanese kicked in, in the 1980s, and 90s. But anyway, the bottom line is that American companies in the Middle East and in the Emirates were out there selling anything and everything. But the biggest problem they had was their own products being counterfeited, particularly software, and movies, and intellectual property stuff, videos, anything that could be copied or counterfeited, particularly brands. If you could have the exact same brand, but what's inside isn't exactly the same, it is cheaper, it is less, it is smaller, worse, not equal. But who gets punished for that? It is the company whose brand is being disrespected, whose brand is being cheated. And you say, okay, our products and brand names are being damaged, because what's in that package isn't what we're selling. It certainly isn't the quality of what we're making, whether it's food, ice cream, or intellectual property rights. Videos, software, or any of the various things that were being counterfeited easily by the global markets, so it wasn't just Abu Dhabi or Dubai. I mean, it was happening globally, but it was the first time, as I said about the 1980, and the competitors in American government waking up. This was the first time that the U.S. government actually paid attention to this and made some organizational structure that approached it effectively. Because we now had networks, we now had embassy teams, we now had global networks, chambers of commerce, and especially important was industry trade associations. So, the people that had intellectual

property, they were the most interested and engaged as activists in trying to get the U.S. government to enforce intellectual property and software and property, particularly brand names.

Q: What were the tools we used? Was there retribution for the things that Abu Dhabi might sell in the U.S. or in some other way for allowing all of the illegal copyright, the brand infringement?

KESTENBAUM: First, we had to try and get rules and regulations in place that would then be enforceable. Because it's pretty hard to tell somebody, you're breaking the law when they said what law? Right, your law? We don't even know what your law is. We certainly don't want your law being imposed on us. Thank you very much, goodbye. Wait a minute, but if you're going to copy our product, and counterfeit and steal it, then we cannot allow this to go on. What tools did we have, what measures of enforcement or pressure did we have? Well, there were multiple ways of doing it. One way was to control their finances, the flow of dollars, and access to dollars. That's still today, the biggest issue of global worlds and China, Russia and India. It is the influence in the power of the dollar, and who has access to it and under what terms. We had that as well, then we could block the flow of goods, we could simply say, hey, if you're going to counterfeit all these American food products, then we're going to block them from being shipped to you. The only food products you can get from that brand name are the counterfeit ones that aren't good. And you're going to become a global market for counterfeiting. Nobody's going to want to buy anything from you or with you. Certainly not as a resale, because they're going to know that literally, everything you're reselling is fake, or is not equal, or not up to standard, even if it's not, quote, fake. There were all kinds of sanctions and pressures to put, whether it be dollars and money for cutting them off from access, or all kinds of other priorities and things. For example, they always wanted access to U.S. technologies, especially as they were trying to copy them. For example, airplanes, aircraft, what we would put on a Boeing 737 would make a lot of difference, the engines, the software. Basically, we had much more impact and influence over pressuring them than they had over us. Because we were out there with the whole global world and if we lost the Dubai market, so what. It was nothing compared to our domestic market, and probably nothing compared to our European market, or the Asian market. Chinese and Koreans were going crazy buying everything or trying to copy it and steal it.

I think we had tremendous influence and impact because Dubai would say, hey, we're a free market, we're open to everybody. And we'd say yeah, but there are rules that you have to play by; the global market rules. And they say, well, okay, we will, at least to the minimum that we have to. It was up to us and the rest of the global markets, to determine what exactly those minimum requirements are, were or will be. Then impose them and ensure that they're enforced effectively. And today 2025, there's still a big issue of all the sanctions going on and the Russian black market going in and out of UAE, because of the sanctions on Russia that we're imposing, and Turkey has all those sanctions, they're evading and avoiding. You can see Turkish aircraft, Russian aircraft flying out of Dubai or Sharjah eight of them a day that weren't there a year ago. Why is that? Because the

sanctions are being imposed and evaded. And again, like I said before, what sanctions are for is not to cut them off completely, but to make them bleed.

So I can tell you a bleeding sanctions story that's truly extraordinary. Truly, truly extraordinary. Prior to 1979, the Shah and U.S. and Iran had tremendous warm close relations. Americans and the Iranians interacted, flew back and forth, economies jobs. Okay. The revolution, Khomeini, the American Embassy is held hostage, and sanctions are put in place. 1981 to 1982. Okay. I go to the embassy in Baghdad, January 1, 1986. And in that first year, we were called from Washington and told there's sanctions going on that you need to be aware of that's being busted. And it's so bizarre that you won't believe it when we tell you. Okay, tell me; I'm sitting in Baghdad, right? Okay. Until 1980, when the first sanctions were put in place, the Iranian people had a favorite American food. It was the seedless watermelon. It was a very special watermelon. Very seedless, they couldn't figure out how to grow it because there were no seeds. How do you grow seedless watermelons without a seed? They were buying seedless watermelons by the ton from America. And then in 1981, Iran got cut off, sanctions imposed, including watermelons. Although goodness you asked, what foods were being allowed in, and what sanctions imposed? Well, for some reason, the watermelons were cut off. I get called at the U.S. Embassy in Baghdad in 1986. There's a shipment of watermelons on its way to the Iraqi port of Basra. It is 30,000 tons of watermelons, shipments, large ships are coming. And we said what the hell for? The Iraqis don't want American watermelons, and they certainly can't afford them. And the answer was, No, these are the seedless watermelons that the Iranians want. I said, well, what are they going to do? They're going to be loaded onto trucks and driven from Basra four hundred miles up into the Kurdish mountains. And they're going to be unloaded onto the backs of donkeys and mules. And they're going to be smuggled across the warzone in the border between Kurdistans; Iraqi Kurdistan and Iranian Kurdistan. And then they're going to be driven hundreds of miles all the way to Tehran, where they're then going to be sold in the marketplace, to the Iranians who want their American watermelons and are prepared to pay any price for it. And we said, you've got to be kidding. This is ridiculous. In the midst of the worst horrible war, and the Iranians are about to capture land only ninety kilometers from Baghdad. The Iraqis are desperate, they're broke, '86 remember, price of oil was down to twelve dollars a barrel. Iraq is going broke, they're losing the war, and yet they're smuggling tons of watermelons, hundreds of miles, and then loading them on the backs of donkeys and smuggling them across the mountain border zones at night. And all this because the Iranians want their American watermelons. And the answer was yes, that's what it is. Our answer was, well, all right. Sanctions enforcement what do we do? And the answer was, nothing. Don't do anything. Now who's reached Tehran? They're not watermelons, they're pieces of gold. They're so priced expensive, that it's crazy. Here again, what are we doing? Making them bleed, making them pay much more than they should or would normally, otherwise for something that they shouldn't be buying in the first place? And for that period of time, in 1986, we actually saw the trucks driving up the road through Baghdad loaded with watermelons. We actually talked to one of the donkey herders up in Kurdistan. He said, yeah, I'm one of the donkey herders. I left Iraq in August 1987. I have no idea what went on or didn't afterwards. But for that period of 1986, we actually allowed American watermelons to be smuggled through Iraq to Iran in

violation of American sanctions because it was so absurd that everybody said do it. Why did you cut it off? What are we gonna do with the watermelons? You're gonna eat them? No. So sell it to them. So that's a classic, the most bizarre but real sanction story I think you could ever, ever tell in the Foreign Service history about what sanctions are, how they're imposed or not, how they're evaded or not, and why we do or don't work with them.

Q: Yeah. Interesting. All right. So you've talked quite a bit about the sort of explosion of U.S. UAE commerce, in these early years of your tenure in the foreign commercial service, before we leave this post were there other aspects of the talents and skills and so on, that you acquired there that were valuable later?

KESTENBAUM: Well, actually, I did use every vehicle, every channel that I knew or had to try to access the community, the business community, in ways that were unique, or different. And that would have immediate impact. So I'll give you a true story in 1981. In 1970, I told you, I went to the State University of Binghamton for a year and played soccer on the freshman team and played a game at Keystone Community College. They won the game three to two in overtime, they scored the winning goal. And in November 1981, I mentioned earlier about the trade show, and the American cowboy hat and Bret Maverick and all the Western stuff and the horses and everything. I'm a VIP at the opening of this trade show and there's the ruler's office and the Crown Prince and all the VIPs and the Sheikhs. And I'm standing here with my Bret Maverick cowboy hat on. This guy comes up to me, and he says, hey, you look familiar. I know you from somewhere. And I said, Well, I don't know. I just got here a month ago. I don't know, who are you? And he said, Do you play soccer? And I said, Yeah, I do. And he looked at me and he smiled with his big grin. And he goes, Oh, my God. Did you go to Binghamton? I said, Yeah, I did. So oh my God, he almost fell over. He grabbed the Sheikh. And he said Sheikh, I'm Ali, I scored the winning goal. I beat you guys, many years ago. Do you remember that? So I immediately did my typical Charlie thing, which was to slam him in the head. I said to him, yeah, I remember that Ali. But I'm sure that you got it all wrong. You didn't score the winning goal. We gave you the goal. We threw the game so we could get the hell out of there. And he looked at me. He goes, What? No, I laughed. He's almost gonna start to cry. So I make this big grin, threw my hands around him, hugged him and said, I'm just kidding, Ali. It was a great goal. You were awesome. Hey, Sheikh Muhammad, Ali scored the winning goal against us. He was amazing. Is he still playing for you? And okay, now, what did that do? I was invited the next Friday to the big VIP game. Ahli against Nasr. Ahli is the national team and Nasr was the biggest team in Dubai. Of course, the games are on television. And I was invited by Ali, who happened to be president of the Nasr sports club, to be his VIP personal guest. There we were in the VIP box, all the Sheikhs, all the royal family. And there were all these guys in their white outfits with the red headdresses or black and white headdresses and one blond haired Westerner in a cowboy hat and suit right in the middle of them all. That was me, of course.

So you can imagine that everybody, which is pretty much everybody in UAE, was watching that game, which was the big game of the year. They all said, who is that guy?

Who's there with Ali and the Sheikhs in the VIP box. And of course, word went out really quickly. That's Charlie from the American Embassy, who plays soccer, and who Ali scored the winning goal against. So of course, Ali invited me to come down and play with him. Then it gets even better because there was a guy named Hikmat Mahjarani who was the coach of the Iranian national team and in 1975 he coached briefly at the New York Cosmos with Pele and a guy named Eskandarian, who was the great Iranian goalscorer. I was walking through the Sheraton Hotel in Abu Dhabi in September '81. This was before I even met Ali. And this guy Hikmat Mahjarani walks up to me in the lobby, and he says, Charlie, what are you doing here? And I go, oh, my God, what are you doing here? And he said, well, I'm coach of the UAE national team. And we're training for the World Cup in 1982. And he said, what are you doing here? I said, I'm the new commercial counselor at the American Embassy. And he says, well, would you like to play with us? And I said, yeah, I'd love to but I'm an American diplomat. I can't be on your team. It's only for UAE citizens, he said, no, no, I don't mean play on the national team. I mean, just train with us, and have fun and play with us. I said, sure, I'd love to. Within three months of my arriving in August, September, October, November, by the end of November, I was on the field training on a regular basis, with the UAE national team, and being cheered by all the fans and the team and everybody and all the Sheikhs as hey, there's the American who's as good as we are. And I was up in Dubai. And Ali was up there. And I was attending the VIP games in Dubai. Everybody there knew me. And you can imagine, I don't want to say this too harshly. But the embassy hated me. The State Department hated me. Because I was out there. I was out in the community I was out and about. And within a few months of arriving at age twenty-seven, on my first assignment in the history of the Foreign Commercial Service, I was the most popular, well known and highly respected diplomat in the entire Middle East. Because what other embassy diplomat could say that, they knew the ruling family, and were in the VIP box at the biggest game of the year. And the coach of the national team invites him to train with them. The UAE did not make the World Cup that year, of course, but they trained, they played hard, and I had a great time with them.

I got to know all the best players and the teams and the coaches, and especially the Sheikhs who owned the teams, or were the VIPs. And so every door was opened to me, my face was known from being seen on every television, because the cameras zoom in. Oh, yeah. Who's that guy? And often several times I wore my Bret Maverick cowboy hat, which made it even more distinctive.
Just to add, I played soccer at the American U in Cairo 1975-7. I was the only American on the team, so I was immediately one of the most well known students after only a few days! Soccer and diplomacy!

Q: Is there an example from all of this of the entree that you got that you were able to use?

KESTENBAUM: Sure, everybody. I mean, everywhere I went. I mean, the guy at the Chamber of Commerce, who I was wanting to raise to create an American Chamber, he knew me, he saw me on TV, says, yeah, I saw you on TV last week. The access and the credibility was really critical. And to be seen, in the community, that broadly, I'm just

saying that nobody in the embassy ever really got to that point. And in fact, most of the people in the embassy were hiding because they didn't want to be seen or otherwise they'd be identified as CIA or the political guy or they'd be at risk because remember, we're talking about Middle East, we're talking about embassies being held hostage. We talked about Americans being taken, kidnapped and shot as they were years later, as I was in 1983. You want to talk about Dubai. Ayatollah Khomeini sent a guy to kill me in Dubai in 1983, 1984. He sent a guy with a gun or a bomb to my apartment. That's for another day. But the point of this is that how did I survive was because I survived going all the way back to 1975 and 1976, and being taken hostage in Damascus, in Baghdad, dealing with militias, dealing with armed gangs, dealing with terrorists. I mean, if you're gonna be an American diplomat in the Middle East, better be aware that they're there to get you. And not many US diplomats were quite as priority a target as I was, because none of them were ever known. I mean, how many people we just said were watched on TV. Nobody saw the U.S. Ambassador on TV, he hid. The political officer. Nobody knew. I mean, ten people in the whole country knew who the political officer was.

Q: Well, what I was wondering is, is there one of these vivid recollections where you were closer on something with these powerful individuals that really sticks out in your mind?

KESTENBAUM: Not really, in terms of any specific sale or product. I mean, just the whole thing was.

Q: That's fine. Sometimes, there's one of these anecdotes we're getting, you're able to put two people together and somehow bridge a difference and be the one who closes on the sale. Sometimes not-

KESTENBAUM: I did that structurally for five years, every day. So to pull one sale out and one product to say, Yeah, we wanted to sell Boeing's, not Airbus. And when they first leased Airbuses, for example, the first two A-300s. We were furious, and we went to them and said, it ain't gonna work, guys. Next is Boeing.

Q: Okay. All right, then, as you approach the end of this tour, what is going on in terms of your thoughts about where you're going to go next, what Commerce is talking to you about, how does your next tour come about?

KESTENBAUM: Well, they wanted me to go to Baghdad, originally, I was gonna go there in the first place. They hired a guy to go there. And he didn't do very well. They pulled him out. After a couple of years, it was vacant. But it became really important, the sense that we really need a presence in Iraq during this Iraq-Iran war. And they needed somebody who had languages, especially Arabic, and who knew their way around the region. And they transferred me, New Year's Eve from Dubai to Baghdad.

Q: In '86.

KESTENBAUM: New Year's Eve '86. I arrived New Year's Eve, at the airport. What I didn't know was that I was being targeted by my own embassy, without realizing it.

Q: That's interesting.

KESTENBAUM: Yeah, how stupid they were, excuse me, forgive me for saying it. You can imagine the whole issue of Jews, Israel, Palestinians, the Middle East, Americans, okay. I was engaged to an American woman in Dubai. I couldn't marry her in 1985, because she was already still married to her first American husband. And they were in the process of getting a divorce, which was taking more time than we had hoped. I was transferred to Baghdad on the first of January '86. But I wanted to bring my fiancée with me on my diplomatic visa, which was obviously not the norm. As you can imagine, how's the State Department going to issue a visa to somebody's fiancé, an American. I mean, they don't have a marriage certificate. How can you be officially diplomat. But what happened was that the consular officer, an American woman, an African American woman, on her first junior officer tour, did not understand where she was or what the environment was. She thought she was going to do me a favor. She went to the Foreign Ministry in Baghdad. And she said, ah, we've got an American officer coming, and he's engaged, and he wants to get married. Do you think it would be okay? Do you have a synagogue where he could get married with a rabbi because he's Jewish? That's December 1985. Right? Holy cow. So the Iraqis said, oh, sure. We think we could find a rabbi. You could bring him. So they gave us the visas. And the American Embassy brought my fiancé with me to Baghdad. We did ultimately go back to the United States in April, and got married in Washington, DC. But she was initially resident in Baghdad, on a diplomatic visa, without a diplomatic passport.

Q: Wow, that's remarkable. And that's-

KESTENBAUM: But the story gets crazier, because you can imagine what the Iraqis thought of me. My own Embassy has now revealed that they're sending a Jewish American, probably an Israeli spy—I mean, really telling them that they're sending a Jew to Baghdad and he wants to get married in the synagogue? Are you kidding? Do you have any idea how utterly insane that is considering the situation? We arrived at the airport on a flight from Dubai. And I'm met by six cars full of Iraqi intelligence officers. I am followed everywhere nonstop. And I pick up my phone in my apartment, my house, and of course there's no dial tone, I can hear officers coughing. And I'd say please, please, can I get a dial tone? So I can make a phone call? Oh, sorry, click, then there would be a dial tone. The story gets even crazier, because you have to ask, who were the Iraqis, considering the insecurity of this regime and the personalities, the issues involved, and distrust in the ruling elite. Who would the Iraqis be willing to put in my office with me? Considering that they knew that the guy they're putting him in with is an Israeli spy? It turns out that my secretary, I had a new secretary when I arrived. The Iraqis told the U.S. Embassy, we have a new secretary for you. Her name was Yvette Aziz, Christian. But her uncle was named Tariq Aziz, who happened to be the prime minister. And the number two, behind Saddam Hussein. And why would Tariq Aziz's niece be allowed? Because she was the only person they could trust to interact with the American Embassy officers. Because it was his own niece. I mean, his immediate family. My secretary was the Prime Minister's niece sent to keep an eye on me, so she could watch me and report on me. You

can imagine not a lot of commercial work was getting done. Aside from which, at twelve dollars a barrel and Iraq being broke, and not having any money. You have to ask, why did we need a commercial officer there anyway?

Q: Exactly. That is a strange thing.

KESTENBAUM: Politics—for the purpose of showing that Iraq was equally important, especially during the war, or conflict. Iraq was a large market and key producer of oil. The volume of oil production, the size of the market, and the weaponry. Remember, we're selling them helicopters that aren't supposed to fly in all kinds of military dual use technologies. And our commercial interest in Iraq was largely a military focus, but also military commercial. What we could sell them and what we couldn't. There was a whole big issue of the helicopters and what they could spray with in terms of chemical warfare, and the fact that we sold them helicopters that could spray chemical weapons on the Iranian troops. I don't know if anyone remembers that, but there was a big controversy.

Q: On the Kurds?

KESTENBAUM: Yeah. Exactly and they used it to kill 1,000s of Kurds. Our supposed allies, the same people that were smuggling our watermelons for us.

Q: Right, right. Exactly. Yeah, I'm sorry. Go ahead. Yes. So we had plenty of things we were selling, I guess it was principally military?

KESTENBAUM: Or dual use or just commercial stuff, but military use, foodstuffs, things like that. Subsidized, for example. Because everything, the price would go way up, like we did with the watermelons. By the time it got there, it'd be ten dollars for water melons instead of a dollar twenty. So we would try to find ways to subsidize. If they bought something real, instead of paying ten dollars or even a dollar twenty maybe they're paying eighty cents and they can get more of them because they're in the middle of a war zone, and desperately in need of help. On one hand, we were doing everything we could to squeeze them and punish them (Saddam and Baath crew), but at the same time, we have the political objective of trying to keep them alive and not collapse and lose the war to the Iranians, because we didn't want that by any means. We were doing everything we could to try to prop up the Iraqi economy with ways that were acceptable considering issues of sanctions and war zones and dual use technologies and falling helicopters that can spray chemical weapons on people they aren't supposed to. It was an extraordinarily complicated commercial marketplace. After five years of interacting within UAE, I was probably the right person to put there who would understand what we could do, what we couldn't, why we could do it, why we couldn't going all the way back to '79. And the original sanctions when I first joined and put them in on Iran, and then the Iraq-Iran war broke out in '80. I was desk officer down there. There was probably nobody better to send to Baghdad for those two years than me, who would understand what was going on and what we could do or couldn't, and why we couldn't do it. And make some sense of it. Of course, ultimately, I had to flee because my wife miscarried, and we lost our baby. She got pregnant, and there was no medical care. And it got really, really bad.

And she had to be medivac, to Jordan, from Baghdad, and at the hospital in Jordan. They said, your amniotic sac has broken and you're dying. And you've got to get on the next plane and fly to Washington where you will be treated properly. We can't do it here. So we flew her to Children's Hospital in Washington, DC, and then conducted the abortion at twenty-three weeks.

Q: Incredible. Yeah.

KESTENBAUM: We tried to save the baby, but it was not savable. It died in my arms there. We were not sent back. Obviously, she had to recover, and I was reassigned. Then in September, I was sent to language training. September '87. I was reassigned to the U.S. Embassy in Jakarta, Indonesia. And I went to eight months of language training at the Foreign Service language school, FSI Foreign Service Institute. And I studied Bahasa Indonesian, and Malay, and got up to three plus language score.

Q: So one quick thing here then, how was it decided you'd go to Indonesia with all this background in the Arab world?

KESTENBAUM: Well, a couple of things. One, remember Indonesia is still very Muslim, Islamic. And the other is that it has global relationships with much of the Middle East and the rest of the world. And this was also an effort to try to give me an additional expansion of career opportunity and development because they didn't want me only working the Middle East for the entire career. If you spoke Spanish, you could go to all those Spanish countries. Arabic was only Arabic countries. So Spanish, French, German, you could go to colonial heritage countries where they had spoken that language earlier, whether it's in Africa or South Asia, places like that. It was an out of region tour, but at least, still within petroleum economics, within Islam, and interaction with the Middle East.

Q: Right. Okay, that all makes sense. I just wanted to be sure to cover it for a moment because sometimes the assignment process can be a bit capricious, but there were good reasons.

KESTENBAUM: Oh, yeah. And we were very lucky. It's a three year assignment. Two years into the assignment on New Year's Eve, 1991. My wife got pregnant. And September 30, nine months to the day, back in Washington, DC, she gave birth to our daughter, and I have a beautiful thirty-three year old daughter, who's fantastic, gorgeous, brilliant. Works in the movie industry and lives in my basement at the moment. I'm very lucky. And it tells you that you can suffer, but you gotta be strong, and never give up and keep at it. We were lucky. And a few years later, we had a beautiful baby girl.

Q: And then your wife and the baby accompanied you back to Indonesia?

KESTENBAUM: No, that was the end of my tour. My term ended at the end of three years. It ended in July of '91. We came back in '91. I became the regional director in Washington for Africa, Near, East and South Asia. From Marrakesh to Bangladesh, from

Kuwait, to Cape Town. All of Africa, all the Middle East and all of South Asia, India, Pakistan, including Indonesia. I became regional director for three years.

Q: Before we go there, are there recollections from Indonesia that are salient for you that are important that looking back were important for your career, or that left us a sustainable impact.

KESTENBAUM: Well, it's pretty much the follow up, and the onward of the things that I learned and experienced previously. All the things that I learned about how to access the market, and the community was very real for me. And I did very similar projects with chambers of commerce, with trade shows and exhibitions, with sanctions with all the various aspects, that enabled us to have a really strong and meaningful impact in Indonesia. I also practiced the rule of commercial diplomacy, which is never ask Washington for permission, only for forgiveness. There were examples of the experiences there that really made it unique. As I say, there was this one example, which was how I reached out to the marketplace in Indonesia was absolutely unique. And I did it before and I did it again. And it's what Commerce does, that State doesn't. And I mentioned this briefly earlier, which was that I had reached out to the Minister of Communications, and his team. And we, as U.S. Commerce and government, had sponsored a regional ASEAN, or the six Asian nations ASEAN community. And there was a big, big, big communications, trade and telecommunications event in Thailand.Every country invited the host government entities to attend that event. And each one of them, Malaysia, Singapore, Indonesia, had the US Commercial Officer go with the host country or with their country delegation, to Bangkok.

We went and stayed in the hotels with them for a few days before the event began. We basically hung out and partied with them. And you can imagine hanging out and partying in Bangkok with rich, powerful, senior-most high level government ministerial types. And it became very, very personal and friendly. The minister's name was Cacuk Sudarianto. He had six of his delegation with him. And I knew all of them personally, and became very, very close buddies. And then when we got back to Indonesia, one day, Cacuk came to me. And he said, I need your help. And then he said, we're buying a satellite from an American company. And we need to launch the satellite. We want the American companies to launch it. And we're talking with McDonnell Douglas. And I said, well, that's fascinating. And it just so happens that McDonnell Douglas was in here last week, asking for help because they knew that we were going to be able to help them. And they knew that they were losing unfairly to the Long March rocket in China. And Cacuk said, yeah, the Chinese are cheating. They're stealing the technology, and they're subsidizing it unfairly. And you have Exim Bank with a certain price measure. And the Chinese are undercutting it, and they're cheating. But it's even more serious than that. I said, well, what's more serious than that? He says the reality is that the Chinese rocket doesn't work. And they're lying. The last rocket they fired into space with all the satellites on it, didn't make it. And the Chinese are lying about it, and they're hiding it.

So I said, what do you want me to do? And he says, I want you and the U.S. Embassy to go to the President and tell him that he can't be bribed off and fooled by the Chinese

because the Chinese rocket won't work. And it will destroy us because we're putting our satellite into orbit for our telecommunications and if it doesn't get into orbit, our whole telecommunication system will collapse. So we cannot afford the risk. And I said, okay, this is really cool. I went to the embassy and the country team, and I said, guys, we have to go, you Ambassador have to go to the President and tell him that the Chinese are lying. That the last Chinese long march rocket, didn't make it into space. The CIA chief of station jumped up and down and said, no, no, no, you can't do that Mr. Ambassador. And Ambassador said, why not. And the agency guy said, because we're in there spying on the Chinese, like, man, we have people inside, all over the place inside their rocket launch system.

We're all over them and we're spying on them. If we, the U.S. government, goes to the Indonesians, and formally tells them the Chinese rocket blew up. The Chinese will know that we're inside, and they will try to reach and search out our eyes and ears in our network. We can't risk that. So you cannot tell the Indonesians that the rocket blew up. Not officially, you can't go to the president. Oy vey. So now what do we do? The CIA just told us Commerce Department cannot try to help the American company win a forty-five million dollar rocket launch contract? Oh, no. What do we do? Don't ask for permission, ask for forgiveness. I went to Cacuk. Despite the agency and embassy saying you can't do it, I went to him and I explained the situation. And I said, let's brainstorm. How can we get this information in the right way to your President? To his credit, he said, oh, I know how to do that, Charlie. You can do it. I said, How do I do that? He said, well, whose satellites were on that rocket? Were they all Chinese satellites? And I said, I don't know. He said, I'll tell you. One was a satellite from Pakistan. And one was a satellite from Singapore, I think. And he says to me, Charlie, can we ask Pakistan? Where's their satellite? So I said, Okay. And I went to the Pakistani Ambassador, through their embassy commercial office. And I said, hey, where's your satellite from last month's Long March launch? And they said, ah, damn Long March thing blew up. We don't have a satellite. Oh, okay.

Now, it's not the agency that's telling me this; it is not the U.S. government. It's the Pakistani government that's telling me. So I said, Cacuk don't have me tell or have my Ambassador tell the president. You tell the president and have him ask the Pakistani Ambassador, where is their rocket because they're furious. And he said, I'll do it too. We took it on two levels. You had the president. And you had the Minister of Communications, going to the Pakistanis, their counterparts and saying where's the rocket? And where's the satellite? And the answer is, it's blown up. We don't have one. Then we were able to go see the President. Now, you can tell the president why you can't launch no matter what. If the Chinese gave it to you for free, you better not launch it because it isn't going to work. It's too risky.

So I went back to McDonnell Douglas and I said no, cut your price as furiously as low as you can, as close to the Chinese price as you can go and still make a profit. And the launch is yours. And they did. And I have here it says Palapa-B4 Indonesia, your outstanding contributions and creative efforts in support of McDonnell Douglas Commercial Delta Incorporated during the Palapa-B4 Commercial Space Launch

Services competition in Indonesia, signed by R.S Cowles and K.A France, president, and general manager McDonnell Douglas.

So I think the difference of a forty million dollar rocket launch that Chinese were going to cheat us out and put us out of business and take over the rocket launch business going forward, because eventually they would make it work, right? I mean, they wouldn't blow them all up, right? I mean, eventually they'll figure it out. So that's an example of where and how we were able to actively engage our host country government at the highest level with the inner workings of a degree of sensitivity, and communicate critical information that was so sensitive that our own agency didn't want to let us share, because it could risk people's lives. How do you go from risking people's lives to winning forty million dollar contracts that create other people's lives and jobs and impact 1,000s of people's lives and jobs?

Do you want to risk that one person or the two people that are sneaking around inside the Chinese system? Or do you want to do it for the forty million dollars of jobs? And the answer is you got to do both, you can't risk one for the other, but you can't sacrifice one for the other either. So the art of diplomacy is telling him to go to hell in a way that looks forward to the trip, and not asking for permission, only forgiveness. And I didn't ask for forgiveness, I happened to go back to Washington and say, here's an example of how we were able to do what otherwise wouldn't have been able to because we're willing to think outside the box, and engage in challenging ways that are outside the norms of diplomacy. But we're focused on diplomatic success, and results. Again, it's not something the State Department would ever have done. In fact, they told us not to. And we had to find our ways around it, and still be successful and accomplish what we were there for because if I couldn't do that, there would be no reason for me to be there. Because I wasn't performing up to the level that we our taxpayers were paying for and our business community was in need of and desperately requiring. So many proud examples. I mean, one example like that is enough for anybody in the Goddamn career, but to be able to say I did that every year, somewhere, somehow, or every assignment in that format, whether it was a trade show, or whatever it might be. So those are the kinds of examples that we really feel that our last 40 years in the Commercial Service have demonstrated sufficiently with adequate examples and experiences that say that the commercial focus was really important that it became that way, because otherwise, our economy would have been much worse, our jobs, our society, and our international relations would have suffered much, much worse as a result. So that's my take away on what the Commercial Service has been doing and how we changed diplomacy effectively, in a very different way. And added to it not took away from it in any way.

Q: Since we're at the end of the two hours right now, it seems like a good place to break because then you can pick up with what you're doing in Washington.

KESTENBAUM: Exactly.

Q: All right. I'll pause the recording then.

***

Q: Today is July 13, 2023, we're resuming our interview with Charles Kestenbaum. Charles, just remind us what year are we in?

KESTENBAUM: Well, we're going into the year 1991. I was finishing my assignment in Indonesia and was then reassigned back to Washington for a very powerful and influential position that I was hopefully ready for, which was Regional Director for ANESA, Africa Near East and South Asia. I had India and Pakistan and Indonesia, and I had all of Africa and I had all the Middle East. In that part of the world, it's always a tumultuous time, there's never a really quiet period. But I had a couple of really unique situations that were worthy of sharing in terms of what we did, what we accomplished and how we did it. And why it is of some significance in the history of our Foreign Service. These areas of significance during that period, there were two principal areas that were of greatest American significance in our international relationships, and the whole global diplomacy world. One of them was the period which became the end of apartheid in South Africa. It took a number of years, I happened to step in just at the very critical point where the apartheid was ending, the government was significantly surrendering and handing over authority and power to a new government. This was people like Nelson Mandela and Thabo Mbeki who had spent up to as many as thirty years in jail. They were now becoming political leadership, accessing authority, finances, decision making, and real serious influence. Our situation there was very special because of all the political stuff going on that the embassy was so deeply involved in. The transfers of power, and all issues of white South Africans and black South Africans and the whole thing. But from our perspective, at Commerce and in the trade world, Americans had boycotted South Africa for many years, for decades. We had blocked investment by American private individuals and companies, and we had blocked trade particularly in areas of manufacturing and investment. There was a huge relationship gap. What we were needing to do was to transfer wealth and influence and employment from a smaller, powerful group of basically white South Africans to a much broader and more empowering group of black South Africans who had struggled to get access to these decision making positions, to funds at their banks and investment private equity groups, and so forth. There was very little expertise and knowledge in the black community as to how to go about doing that.

It got even a bit more complicated than that, too, because there was a lot of concern about things like labor unions, strikes, and political influence peddling. And foreign firms are suddenly coming into South Africa. There were two concerns for them, particularly the Americans that had in some form or other been involved with doing business there previously. One of which was, of course, are they identified with the previous regime in

any way. Then they're going to be held accountable or punished in some form, or at a minimum, at least blocked from effectively re engaging. The other was, of course, the sense that popular anger was going to be expressed. People were finally free to say what they truly believed. They had been held back from saying and doing, whether it be demonstrations or voices or media and suddenly having access to the media and to authority and to being able to even go into a local village hall and raise your hand without being arrested or beaten. The whole circumstance, the situation was dramatically changed in terms of power and influence.

The impact on that in the commercial world was great uncertainty and tremendous insecurity on the part of the establishments. Whether they were the previous establishment in South Africa that's being asked not to leave, or to hand over, but to simply start sharing and engage better. The amazing thing about the end of apartheid in South Africa was that they didn't just throw the previous regime out, throw them in jail, kill them, or execute them. But rather, they brought them back and said, hey, we welcome you to stay here as members of our society, and citizens of our country. But now you've got to open up and share and recognize that there's a majority that hasn't been properly engaged. We're not telling you, we're asking you to do this voluntarily, and choose to be part of our future going forward, which was really unique. I mean, considering all the conflicts and resolutions in the world of revolution, and overthrowing regimes. Particularly those that had been a majority of suppressed people to turn around and to be so accepting, so open, and not so punitive in punishing was truly extraordinary. So again, that was part of the whole political environment that encouraged the American companies to then go back and bring money and take risks engaging with labor unions, trade groups, and social union groups that were very activist and suddenly had discovered they were winning.

And suddenly, turn around and hand back, give in or share. Look at the opposite, the way Israelis treated Palestinians for the last seventy-five years. It's entirely the opposite to the point where it's worthy of noting just in our history here that now, South Africa has ironically, announced that it is formally supporting the United Nations and the World institutions in declaring and enforcing apartheid against Israel, for its treatment of Palestinians. And to think that the South Africans, with what they went through, and where they are, to turn around and say that to the Israelis, says how the Israelis unfortunately have failed to open up and re-engage the way the South Africans did, which it's so unique.

That kind of openness and sharing and willingness was truly special. We did everything we could to enhance and advance the local situation. It was not really just looking after America's interests directly, because we were the big player. I mean, nobody was going to

tell us, kick Nike or Adidas out of the market, we didn't have that degree of competition for access the way we were obviously experiencing in other countries, particularly in the Middle East. That was going to be there. I said there were two things, actually there were three things in 1990 that are exceptional. South Africa is worthy of discussing further. The second one was the Iraq invasion of Kuwait in August 1990. Then the following year where the U.S. went in and organized the military liberation of Kuwait. And so in August of 1991, when the U.S. had completed the liberation of Kuwait was exactly when I took over the regional desk. This job was in charge of managing and organizing the reconstruction of Kuwait. You can imagine, I mean, there's a small country with a lot of oil fields and a couple million people and billions and billions of dollars. The opportunity was huge. That was a very fascinating competition process because we were not alone in organizing the liberation of Kuwait. We engaged everybody, the whole world as part of our team. So unfortunately for us, commercially, everybody in the world had a chance to stand up and say, hey, buy our stuff now. Invest with us. Don't leave us out. We stood there with you and we fought on your behalf. Now, we don't want to hear about our companies losing business to somebody who didn't.

Fascinating subject there. A specific issue that was subject of very real competition was the future of Kuwait airlines, and whose airplanes were they going to fly. From a commercial perspective, there was nothing that was bigger than replacing an entire airline's fleet in a matter of three, four, or five years in terms of billions of dollars and thousands of jobs, and especially the political visibility of winning or losing it. If Airbus comes in, and signs for fifty A310s, 320s. Oh, my goodness, Boeing just got crushed and America just got embarrassed. The French kicked our ass around in Kuwait, and what did we do going in there to save them? Certainly not selling airplanes to Iraqi Airways tomorrow. We are boycotting them. So that was largely the issue, that sense of how much did the Kuwaitis engage with us? And how much did the Kuwaitis feel in fairness to them, I mean, here's let's put ourselves in their sandals and say, okay, we owe the Americans a lot, the Americans have to have a majority of whatever it is they want. But everybody else has to play a role. And everybody did play a role, and everybody has to get a piece of the action. And we cannot become a complete, utter subordinate under the tongue of the Americans licking away at us. We've got to show some degree of independence, we've got to show some degree of support for global economies and for developing countries, and for third parties who are cooperating. So there was a whole universe of interests that the Kuwaitis absolutely had to factor into. That, of course, we didn't want to factor in as well. Or if we did, we saw it as a competitive feature that we then wanted to minimize, as much as possible. Not to say, no, you can't buy a French airplane. But that's really the question. The point of that three year period, for me, was managing and supervising a whole range of complex economic and commercial sectors from power stations, for GE and Pratt and Whitney, to airplanes like McDonnell Douglas,

especially Boeing, and Lockheed. Then, obviously, there's the whole commercial world of supermarkets and grocery stores and everything, cars and car dealerships being restored and renewed and everything else that went into infrastructure.

Q: Here, let me ask one quick question. You're talking about the need for Kuwait, both to show gratitude to the other countries that took part in freeing it from Iraq, but also to demonstrate that they are an independent country, they need to have relations and including commercial relations with all these other countries. Kuwait, I imagine, even during and after the war had a significant sovereign wealth fund. There are other ways to show commercial gratitude to other countries using your sovereign wealth fund. I mean, let's say it's France, they could make an agreement with France, that they're going to build some kind of thing in France, with the French having the majority share, but still producing some wealth, some return on investment to the Kuwaitis, was this notion of the sovereign wealth fund ever discussed, as part of how Kuwait would respond to all of the international pressures on its commercial relations?

KESTENBAUM: Absolutely. Absolutely correct. We did try very hard to understand and accept those factors and those influences that they had to deal with. We did feature them in and so as I say, if they bought an Airbus fine, as long as they bought fifty Boeing's and that was indeed part of the process. The evaluation of what the Kuwaitis were doing and why and how was very much part of that. To a great extent this also included the State Department and the ambassadors and the political teams because that was very much in their world of influence and control. My priority was to win everything. Everything I could and certainly not try to accept losing. But that reality was very much so. It's part of the complex interaction within most embassies as to the different objectives of the various agencies that are present there and having their interests represented. That's where, obviously, the State Department is the essential coordinator, to understand the big picture. What the agriculture people wanted to sell was one thing, what the commercial people wanted to sell was another. I mean, whether it was wheat or airplanes, and how much of it and at what price and all that, we were the detail people, we were the specifics. The boots on the ground. I had officers in Kuwait, Americans based there who were functioning while I was in a supervisory position. It was much more of managing the policy and then watching and implementing the policy and seeing how well it's executed, or not, over that three year period. And indeed, there were some exceptional moments where we were furious at the Kuwaitis, and said, how can you buy that from them? Generally, they came back with pretty understandable perspectives from their view. Not necessarily that we agreed with or even wanted to accept or understand fully, but that's where again, the State Department would step in and say, hey, yeah, go kick their ass or no, no, no back off on this one, because we're trying to get them to do this, and that and the other and these are the people making the decisions. For example, they're buying an

airplane, but we're trying to get a whole new aviation policy in place. That has some degree of influence both back and forth, on what they buy as to what influence policies they do, and also what policies we set determine to some extent what they can fly.

Q: Also, you were talking about having people on the ground and so on. Obviously, it's right at the end of a war, there was some destruction of infrastructure and so on in Kuwait, were there immediate challenges due to this situation for your people on the ground? How did they overcome that?

KESTENBAUM: Well, I don't think it was too big of a problem in that regard. In terms of ability to communicate. Remember, we are talking 1991. So not many people had anything like laptops, cell phones, internet, or zoom videos. This is a fascinating subject over the course of the whole history that we went through was indeed, how technology changes influenced our international relationships. One very simple and specific example, I arrived in Abu Dhabi on my first assignment in July 1981. By November 1981, we had installed a phone in my car that was plugged into the car battery. It was charged when the car ran, and I could dial and call while I was driving. My first few years in United Arab Emirates, I commuted between Abu Dhabi and Dubai, which was a 160 kilometer drive. Basically an hour and a half. In those days, I could get on the phone in the car. I suddenly wasn't cut off for that hour and a half or three hours depending on one way or round trip.

Travel in that car became a very functional working process where I could call other people, even Washington and engage and talk to them that I had not been able to do, except going through an international phone operator until 1980 - 1981 period. That itself was an example of how technology changed and revolutionized everything. Just one funny story: when I was born in 1952 people didn't have phones in their homes. I think I mentioned this in the first session; my brother recently gave me a packet of envelopes that were letters mailed to my parents congratulating them on my birth. We had no phones at home. No TV. That's how people communicated, especially from overseas. You wrote letters. So think about how things have changed in the last seventy years. In order to communicate, other than being in person across the street, you had to write a letter. There was not even a telephone. And now, look at us-

Q: I had a colleague in the Foreign Service who did not have a private phone until 1977. It was a party line. He was out in South Dakota. But just to give you an idea of how poorly people out in more rural areas had telephone coverage, not until 1977 was he even able to get a private line.

KESTENBAUM: Now, imagine just one back step to the first session, again, imagine trying to do journalism, in a civil war in Lebanon in the Middle East with no phone coverage.

Q: Right. Sure.

KESTENBAUM: As I was telling those stories about how we had to drive four hours to deliver a can of film, then develop it and then satellite it because there was no other way to get anything anywhere. Just having said that, one more current thing. The whole film industry is about to be destroyed and overturned because artificial intelligence and ChatGPT and similar AI are going to be actually taking people like you and me as we're talking now, and copying them on computers and making us look like we're actually talking with our voice and our face, but it's not going to be us. It's going to be a computer. Then the question is, what do we need actors for? What do we need sets for? What do we need locations for? What do we need cameramen for? And makeup artists, if it's all going to be done on computers with artificial intelligence, and we're not going to know the difference? Our whole entertainment industry is going to dramatically change and there's going to be no more in person entertainment, because there's going to be nobody who can afford to be employed that way, because there's nothing that follows them up. The whole idea of acting in a theater is to get on movies and TV. And if there are no more real people in movies and TV and only a few people are willing to go to a theater, what does that say about us-- so communications are being dramatically changed. And, of course, our foreign affairs are a major part of it, which we can go back to here. I don't want to further digress.

Q: To go back to where you were in terms of talking about the new opportunities, but also the new challenges with Kuwait, in your recollection, you mentioned airlines and aeronautical sales. Were there other sectors that we were pushing very hard for sales to Kuwait?

KESTENBAUM: Oh, yeah, very much so. Particularly the large industrial items like turbines, power stations, transmission lines, switchgear, telecommunications, all the above, all the other major infrastructures. Either it needed to be replaced because it was destroyed or stolen, or it was old anyway, or it didn't fit into the new systems. We've basically rebuilt Kuwait, which was not hard to do considering it was just one good sized city, with plenty of resources and money. Let's remember, the Kuwaitis and the Middle Eastern countries only really got any serious access to their wealth after the 1974 oil embargo and price increase, which went from a dollar eighty to twelve, fourteen dollars a barrel.

All of a sudden, in the 1970s, the GCC countries, Kuwait in particular, Saudi, the Emirates, Iran all generated significant petroleum revenues from the additional income they were getting. Also, by the way, having kicked out foreign owners, they were now suddenly owning their own oil and getting all the revenue. There was basically a fifteen year period between this '74, '75 year and the 1990 year where the Kuwaitis were able to accumulate a significant amount of wealth in sovereign wealth funds, but had not nearly developed the internal capabilities, the expertise among their own citizens, and the foreign executives they brought in. Kuwait and none of the investors had really gotten any significant presence in the global financial markets by 1990-1991 to the extent where they had significant vast amounts of wealth that were easily available because they didn't have such internal structures. Particularly Kuwait didn't because the government had been destroyed. It was building a new government. What's the new ministry going to do? Who's in charge, who are you going to staff it up with? You'd have to figure it takes a good year or two to rebuild the country and the staffing and the organizational sense of what to do and how to do it for the actual reimplement. Although everybody rushed as fast as they could to get back and return every Kuwaiti who had run away or fled or went in hiding. But there was a lot of corruption; even one of the American Embassy commercial officers. He was a guy we had brought in from the private sector. This is another example, where how many times I have told you about the private sector people we brought in that didn't do the job properly and had to get thrown out. I mentioned several of those in Abu Dhabi and UAE in the early 80s, including the guy that replaced me and I had to kick them out and replace him a year later. But there was a guy in Kuwait, one of our officers who just didn't get it, and was miserably corrupt. That was a fascinating experience because for example, he was talking about a Kuwaiti delegation that was going to a trade show in Malaysia. But his visit (alone) to the trade show in Malaysia took place for the week after the trade show took place.

Q: Incredible.

KESTENBAUM: All the money he spent had nothing to do with Kuwaitis going to Malaysia to conduct business, but for him going there, stealing money to get sex with prostitutes or whatever he was doing. None of it was either legal or legitimate. This is another example, fascinating, of how different we were at commerce in terms of our implementation of our foreign affairs, than we were from the State Department. Inevitably, State Department would hide or cover it up, they would move or sneak the person out or reassign, always covered up. Obviously, the political relationships were really critical. Nobody wanted us to look like we were stealing, cheating, lying or otherwise, mistreating the host country, anybody in it, especially the government, or the people who were supposedly buying our products. To find out that our own embassy is stealing their money and lying to them and cheating. Oh, my God! You can imagine that

the State Department wanted to do everything they could to cover it up and make it go away quietly. We didn't have that issue, we wanted to show that Americans weren't going to steal and cheat and lie and that if they did, we were going to catch and punish him. That we could be counted on and trusted. Even when we weren't counted on and trusted. We could be because we were going to punish them. Whether the host government even did or not, or whether the host government was being bribed and getting paid a lot of money to let this guy get away with it, which we know that they were.

Now contrast that to the story about the Indonesian telecommunications people going off to Bangkok with me to meet the girls and the boys and then conduct business afterwards. The point was, I didn't do it in Indonesia, to steal money or to cheat. I did it to advance the American cause. It's just we're doing it in unorthodox ways that weren't part of the standard procedure, and certainly not part of what State Department would give permission for, only forgiveness. Remember the permission forgiveness story, okay. That's always part of the process. You ask for permission or for forgiveness. In the case of the guy in Kuwait, we didn't ask permission from State, we went in and caught him. We did the whole thing. And then we went to the Ambassador. I was Regional Director, so I went directly to him. My counterpart was the Ambassador. I called the Ambassador, I said to him, I have been told quietly here unofficially by my counterparts at the State Department, that you're not interested in firing this guy, and that he's doing a great job, and that you don't want the embarrassment or humiliation of having to publicly withdraw him. I said, let me make it very clear to you. Okay. This is telling somebody to go to hell in a way that makes them look forward to the trip. Mr. Ambassador, your reputation is involved in this and if this guy doesn't get pulled out now by an American police force, he will be published in the media, and you will be identified as his patron and your career will be ruined and finished. Is that what you want? I scared the shit out of him. He said, Charlie, I've got a problem with Bill. I think he's stealing money. And I think he's disreputable. And I think there's something we need to do. I need to call for an investigation and I want investigators to come out here urgently. I said, Thank you, Mr. Ambassador with a big smile. Twenty-four hours later, two investigators came out and Bill was arrested, handcuffed, escorted to the airport and flown back to the United States where he was tried. He was tried, prosecuted, and found guilty and relieved of service from the Commercial Service.

Q: Yeah. So just a very quick comment here. This does happen even with others who are not in the Commercial Service. Most salient probably are people who sell visas or get involved with securing money in exchange for visa papers. Generally, what happens in a case like that, when the Ambassador finds out, is that the individual is told they have lost the confidence of the Ambassador, they are to go home immediately and as soon as they get off the plane in the U.S. they get arrested. It's organized that way so that the visibility

of it is minimized but the legal exposure is taken care of. I only mentioned that, because I recognize that sometimes the highly visible act of cuffing a guy in the embassy or in broad daylight overseas is not a good look. But I think these days that it's handled a little bit more discreetly, still--.

KESTENBAUM: I hope so. Let's expand that concept while we're on it. As Regional Director, I supervised the performance of all those embassies around a quarter of the world. During that three year period, I actually had to formally punish, hold accountable, four American officers, one in Kuwait, one in Pakistan, and one in an African post, a fourth one, I don't remember where it was exactly. But the point is that in the embassies we had more independence and authority because our people were out in the community, with the business people engaging on a daily basis with many people.And in many of these instances, like Pakistan, I mean, we didn't refer to it as an autocracy. We refer to it as a kleptocracy. Kleptocracy, whereas the government, the structure of the whole government, was all intended to make individuals within that government as much money as they could, and primarily the military, because the military had a degree of control, then others in the country didn't. In other words, they didn't have elected political parties that were actually having real contested elections. In many of these countries, it was an autocracy, a one regime, a dictator, or primarily a military dictator. Egypt is an example where military controls the economy as well as all politics. Not always that extreme, but the example I gave, which we're going to go into much more in this session, about the way the Chinese organized their ability to take over the international global community, and how different it was from some of the other Asian countries. The Chinese primarily used military groups as their initial access, because they were so well organized, so politically connected, and so compliant. But for example, Koreans also, to some extent, the Korean military, engaged in some of the construction, engineering, job creation in the industry over the 60s and 70s and 80s. But for example, Japan did not. Japan isolated its military largely from its commercial world. Competing with Japan was in fact, probably easier, because it didn't have a whole military component internally to demand and enforce. If they lost the competition, okay, so they went back to their office and went home. But if it involved military officers, somebody often got shot or at least fired.

Q: Now, speaking of military, the one thing you didn't mention about our sales to Kuwait are military sales, but I imagine that's not done through the Foreign Commercial Service.

KESTENBAUM: Both. Foreign military sales, FMS is the term, is the concept of how we organize and structure within the U.S. government. It is primarily led by the State Department. The key player in it, of course, is the Pentagon because we wouldn't sell anybody anything that our own military was not compliant in wanting to manage such

access. Because obviously, our military and our international relationship, first and foremost, is to fulfill our military objectives, priorities, and interests. That could be very different from the host countries, in many aspects and instances. I mean, one simple example, does Turkey have an F-16 yet? Turkey F-16s? Aren't they members of NATO? Haven't they been trying to buy them from us for how many decades? If Turkey can't get an F-16, although, I believe now they are, because we finally convinced them that if they would support Ukraine, and NATO which they were supposedly doing anyway. But in any case, that's a simple example, where even Turkey can't get an F-16. And you know who's blocking it? Who do you think?

Q: Oh, well, I mean--

KESTENBAUM: Whose Turkey's big enemy? Greece.

Q: Of course, it was just resolved, or at least the media reports it was resolved to Turkey's satisfaction.

KESTENBAUM: But today's news headline, or subline said that actually, the Turkey F-16 has been delayed and may still be delayed by Greek opposition, because Greeks want the F-16. The Greeks are saying to us quietly, how can you give to them and not us? We're members of NATO. We are your allies. In fact, we're better allies for you than those guys over there in Turkey, who have been supporting Russia. I mean, that's not a done deal. Although, it seemed to be. There's circles within circles. It is not done until actually, somebody's flying one. And I'm curious. Make a record, ask five years from now, who flew the first F-16? Greeks, or Turks?

Q: Sure. Yeah. All right. Now, you've discussed Kuwait, as an important place for us to advance our commercial interests, but in that whole wide world that you were responsible for, were there other significant players that you made considerable new or valuable commercial advances?

KESTENBAUM: Yeah. There was one in particular, we did discuss, of course, South Africa, and how that was because when you say South Africa, you talk about the whole regional southern half of the continent, which it really had influences over the other countries nearby and Zimbabwe and places like that. I mean, they had their own apartheid issues. It was a much broader perspective for Africa.

Indian subcontinent. Remember, India largely after World War Two had still been part of the British Empire. And then you had Gandhi, and Nehru, and the whole nonalignment, nonviolence and peace process. In the 50s and 60s, they went through that whole process

of separating out and becoming independent from the English. They did not succeed very effectively in separating out from the English in terms of their economy and their industries, which had been very deeply rooted. Those are the kinds of things that you get a British company in there, and they've been manufacturing for fifty years, or hundred years, or whatever it is, they're certainly not going to just pick up and leave or turn around and go, and their competitors aren't going to suddenly just throw millions of dollars and say, Okay, now we can compete with them, because the market is very defined. Look at cars, does General Motors or Fiat or Nissan have their own dealership? No. Why not?

Q: Right, they have to get a distributorship in the country.

KESTENBAUM: And it's two political factors. One is the local influence, and the other is finances. No firm can afford all the finances needed in all these countries around the world. Even if they could, in some cases, like Tesla, maybe it's not in their advantage to do so because they lose all the political connections and support that those powerful local investors are representing. Suddenly, now there's competition. Instead of having one car dealer now there's going to be two or three or four. Why, because other people stepped in, and you weren't supportive of your dealership enough to get them or you didn't have the right dealership. So the concept of those dealerships is really important, and the concept of who owns it and who invests in it.

Now we take that to India. You say, how does that apply and whether it applies because, as we had seen in all the other countries post World War Two where we went all around the world. There were residues of imperialism and of occupation, from Europeans, whether it's the Spanish in Latin America or the French across Africa or the English, in places like India, the Dutch in Indonesia. There were still very strong relationships and residues of these influences. There were still large sums of money that were invested in shared banks, co-owned banks, and financial houses, and investment institutions. I mean, British institutions of investment, for example, were active in India. The real key to India was a global market and as a future opportunity that we saw in the commercial service that hadn't existed prior to the 1980-1981 period. There was a strong sense that the Indians were becoming independent, and were becoming more secure in who they were, and who they are now.

As such, they were willing to start to break the monopolies that British industries and firms, whether it was an airline, or a service company, or a bus company that ran the buses, or whoever it was, whether it was manufacturers or services. It was very, very deeply integrated into the economies of British presence. To India, for the very first time really, we sent one of our senior most officers, Jim Morehouse, who was our deputy

director of the entire commercial service. We sent him to India, in 1991, as a Senior Commercial Counselor. He said, I'm convinced that India has opened up and we just haven't recognized it. The global markets need to get into India with finances, with trade, opportunities. The Indian market is now ready to buy and engage and invest in ways that are open to competition and are welcoming to American firms. And I'm going to prove it. He went out there to India, and we had a reasonably good team of local officers. We had three or four Americans in New Delhi, and we had one in Mumbai, one in Madras, and I believe one in Bangalore. We had at least five or six American officers around the country who were feeding into Jim in New Delhi. And fortunately, Jim had a regional director (me), who was actually willing to listen because he had spent most of his time out in the world out there.

Everybody else said, including the State Department, and the Ambassador, don't waste your time, India is too big, too complex, too bureaucratic, too corrupt, and too in the pocket of the British. When you add all that up, corrupt, incompetent, and British, you say, wait a minute, it's bad enough if they're incompetent, but they're corrupt, too. And it's the British that are corrupting them. They've been corrupted by the British for two hundred fifty years. How are you going to turn it around? But we did. And U.S. exports, I don't know the specific numbers, we can look them up in terms of how our trade surplus increased. But from let's say 1995, that five year period, a truly dynamic relationship grew out, which tremendously contributed to India's economic growth way beyond what would have taken place, had they stayed under the thumb of the British financial imperialism, even though it was not politically viable, as you had Gandhi, and Nehru and all that peace process. That only went so far in the economy because it's one thing to say we want peace and love. It's another thing to say, Yeah, but I'm gonna give up the money. And it's not what people are ready to do, including the Indians on the inside who were part of the British team in the first place. Because you have to remember that they had this huge, vast network, otherwise, the patronage wouldn't have succeeded that long. It's really important to emphasize that patronage networks were really very deep and powerful in the colonial era. Many of them even still, to this day in some aspects exist, as we've talked about, with areas like F-16 sales and how we manage them or don't and who buys them or doesn't and why and what the result of their buying them or not buying them does to the rest of what we're trying to accomplish, like growing NATO or EU. All fascinating stuff and all with its roots back to many of those places in a very active, engaged global marketplace during that three year period.

Q: So now with Jim Morehouse, what was the breakthrough sector or was there one? In other words, he was going there and he was looking at opportunities. Was there a breakthrough sector that while he was there, we were able to get in?

KESTENBAUM: Yes, very good question. Excellent. That's a perfect question to follow. The answer is, especially areas where we had technological advantage, but didn't have ten or twenty years later. So if we're talking 1990, nobody could build a telecommunication system effectively, a competitive modern, highest efficiency, telecommunications with central switchgear, and all the volume of calls automatic, without using American central switch gears. That was primarily AT&T because we did have from the World War Two upward until the 80s, when we disbanded AT&T and broke it up into five sub competing units, and then took away, separated out the manufacturing arm from AT&T and called it Lucent and you can look it up and see when Lucent was separated out from AT&T [1996]. And all of a sudden, the American government was suddenly responsible for American support for Lucent and competing with global markets. And it was just that same period, from 1990 to 2000 that not only the Koreans and the Japanese and the rest of Asia, but the Chinese stepped in a big way, which is why again, we had to create the Commercial Service in 1980. HwaWei is the real culprit.

By 1990, those trendings had become so powerful that there was no way we could compete effectively, even with people like myself in the field because the systems were structured so as to disadvantage our companies so we could not effectively compete. That's for the next hour and the next session, because that's 1990 to 2000. I ended my career by 2002. So the next period of that era, is where really the key factor for us in our foreign affairs and global competitiveness in commerce, where we lost, really failed to compete, largely so because we didn't really understand or weren't really willing to accept how deep the foreign competition was willing to go in terms of cheating and breaking the systems that they had agreed to, in order to win. Win at all costs. A simple number, if we agreed to offer our telecommunications exports at 5 percent interest charges from the U.S. export import bank, which would be financing countries purchase of our switchgear. Then it was a global agreement through the International Monetary Fund, and the World Bank, and the United Nations, and everybody agreed that nobody would try to cheat each other and go below 5 percent on offering financing for their exports. What happened was that an unbelievable number of countries lied and cheated and went directly below that number. We'll get into it in more detail going forward. But for example, the Chinese said, okay, 5 percent. Then we found out that there was a hundred million dollar contract that they had offered at 4 percent. And 1 percent of a hundred million dollars is a million dollars. So there was a million dollar benefit to the country to buy the Chinese system, even though there was nothing technically any better or different. But it was financially better because the Chinese had actually stolen and copied the American system. When the technical committee sat down and reviewed the bids, they said, okay, the American system can do X, the Chinese system can do X as well. Okay, so if the technology is similar, then what's the price? Oh, there's a million less or five million less or ten million.

Remember, I did say before, although it is worth repeating, that American companies because they had to compete in commercial markets in America and in most of the global environment, had to add technological development costs as they invested in new technologies and new products, otherwise, they would end up losing their market to somebody else who did. In that case I knew that Lucent added somewhere between five and 10 percent to the price for the technology development costs overall. Every contract they made, every bid they made, and every global market, wherever it was, whether it was England or China, they could say, okay, a hundred and ten million dollars for a hundred million dollars system. That worked okay because they were the only ones who had the actual technology, they had monopoly intellectual property. But companies and countries stole it and copied it. We didn't have the intellectual property advantage anymore. It became a simple cost competition. In that regard, we couldn't compete because our government, and it wasn't just the State Department, although I would blame to some great extent, the State Department, but ultimately, we reported back to the Commerce Department and the White House and Congress. And none of them woke up enough to actually take it on and be willing to fight it to the extent that we ended up losing a really good full decade, or two decades of technology loss and development to our major competitors. Today who is Huawei? And what position do they have in the global communications market? What are they doing to the rest of us? And who are they doing it for, Chinese intelligence? And what are they using it for? Every time a Huawei system gets put in somewhere in the world, it's a compromise because the Chinese intelligence have access through the company that's putting it in.

And we haven't fully recognized that still, to today. But I just say that, as we go forward here, that a repeating and consistent theme of concern is the inability of the U.S. government, primarily State, but everybody to truly understand the scope and extent of how we were, and are being disadvantaged by our commercial competitors, and the higher priority they put on that than we do. The best example I can offer was back in 1982 when McDonald's opened the first restaurant in Abu Dhabi, and who cut the ribbon at the grand opening? It was the British Ambassador for McDonald's. And who was in the back, the commercial counselor from the American Embassy, because I wasn't an Ambassador, I wasn't his equal and the American Ambassador was too lazy or busy, to be bothered to do it. And how did this British Ambassador convince anybody that McDonald's was British? Oh, most of the food and products that are coming here to this Abu Dhabi franchise are actually coming through England because that's where the regional headquarters is located. He actually said, you're buying and eating British hotdogs and British buns and British burgers, because they're coming through the British subsidiary of McDonald's in London. He painted McDonalds as a British company, and a British supplier. Abu Dhabi said, oh, yeah, great, great, because we love the British and we love the Ambassador and where the hell was the American Ambassador anyway, why

didn't he come? Had the American Ambassador come, who would have had to stand up and say, well, excuse me. But last time I looked at McDonald's, it is an American company. I couldn't do that. Because they wouldn't let me because I wasn't an Ambassador. This is critical, I mean, 1982 was part of our original story. But it's still part of the world out there today. As some ambassadors now are ready and willing to step forward to the extent and degree that our competitors are to the point where people think McDonald's is British. That's forty years ago, literally. It rancor's in my memory. And I still have a picture somewhere in my file of that British Ambassador, smiling at me, looking over his shoulder with the Sheikh next to him, and the McDonald's burger in his hand. So, yeah, here we go.

Q: All right. So we're still in your regional office, you're still the regional director. You've had some victories. During the time you're there, there's a change of U.S. administration from Bush to Clinton, were there changes in the way you did business as a result of that?

KESTENBAUM: Not directly, not immediately. No. We actually found the Bush administration to be pretty positive and pretty focused on business, especially Bush forty-one. He had good people. He had quality people, his Secretary of State, George Shultz was a very global, worldly, and focused business type person who knew what he was doing. No, we did not have real issues or problems with that, in terms of being a Republican or Democrat, no. The Democrats didn't come in and suddenly turn everything around the way they had after Reagan. So that was quite a different world. But remember, that was when the Commercial Service was created from 1980-1981 because of the failure of the eight years of Republican Reagan administration, to represent American commercial interests adequately, to the point where the people revolted, literally, commercially. So, no, it was not a big issue there in terms of either Bush or Clinton. What I said before about nobody there really either understanding or willing to act to the extent that was necessary on a broader scale. That did take place during the 1980s under the Bush administration, and then onward, to the Clinton administration, in the 90s. And it was a nightmare for all of us.

Q: Also during this time, were there internal changes to the Foreign Commercial Service as they began to focus and learn from the activities that they were doing in the field?

KESTENBAUM: Yeah, yes indeed. Part of that was exactly what we described a little earlier, where Jim Morehouse, who had been the deputy director of the entire global world commercial service, went out overseas for a three year assignment to India to engage directly and personally. Then he came back to Washington, to his deputy director position. So that kind of access and exposure and personal experience at a high level of officer was unique in commerce because commerce did not have international affairs and

relations, nearly to the extent and certainly didn't have overseas presence of career officers prior to 1980. So the whole ten years 1980-1990 and to 1995 process was an incredible learning experience and spreading roots to the global marketplace, over a fairly quick period of time. Within ten years of our becoming in charge, the deputy director of the whole thing was out serving in an essential post overseas.

However, there is an element of that, which we haven't mentioned, and should be discussed, whether it's now or in a future session, but I will just throw it out there. Then you can decide when and how you want to get into more detail. But unfortunately, the Foreign Commercial Service is actually divided into two units. There's the overseas embassy units filled with diplomats with black passports. Then there's something called the domestic field offices. And the domestic field offices, there's at least one in every state, and as many as anywhere from eighty to hundred in total in major cities and markets around the United States. This is where commerce department has its commerce headquarters office in that State. Generally, it's in the capital, but not all. Many major markets have a presence that's there to support and engage the U.S. business community domestically, and in international affairs and global markets. The idea being like trees with leaves, roots, with the network of roots domestically scattered all over. Export Assistance Centers, they were called EACs. They were trying to create this domestic field operation, which would be fantastic. However, you can imagine what happened. The big problem was very different personnel systems, and very different career developments. Somebody who took a job as a trade specialist for San Francisco field office, for New York Field Office, or Minneapolis Field Office certainly wasn't going to want to get sent to Jakarta for three years on a temporary assignment, and then have to go back to Minnesota. You have family, friends, mortgages, previous jobs, you've got all your networks, especially school and kids. Most weren't prepared to spend the majority of their career overseas. One of the biggest problems we had, and the worst failures of the Commerce program over the last forty years, has been the inability to get all those domestic field officers and experts to serve overseas sufficiently enough to actually understand the global markets that they're trying to do business with. That was one huge failure that we were unable to get enough of the domestic field officers to be willing and ready and functionally overseas into these overseas systems. And the other way. Imagine, I served all my time in twenty-three years overseas, except for a three year tour in Washington headquarters. I also did two years at the World Bank, but in Washington. I never spent a single minute of my twenty-three years of assignment in any American city or post outside of Washington for more than a couple of hours. How can I possibly understand the complexity of the domestic manufacturing, and the things that those companies were facing in terms of personnel, finance, domestic American competition, how they are competing overseas, resources they're willing or able to spend and devote to the international marketplaces, all the complexity of how you take a company to a global

market? If they're not already there? Or if they're there, how do they expand those global markets? But the major priority focus is SMEs and NTMs, small medium enterprises and new to market. That was the guiding force, the key word phrases were new to market, creation of new jobs. And yet, how can we do that if first of all those of us overseas had no contact or experience with anybody domestically, and all those people scattered all over domestically, have almost no contact or experience with the posts and the people overseas? You had this crazy diverticulosis of two systems, supposedly, working exactly for the same clients, and exactly the same markets, and with the same resources and the same priorities, and yet, totally different worldviews and priorities and experiences and resources. I cannot tell you how many times I and all the other officers overseas were frustrated and furious and upset and challenged by the inability or unwillingness if they were able unwillingness of the domestic field offices to prioritize what we overseas needed in terms of resources in terms of time and commitment, and how to be successful with companies. You had two complex issues, you had the issue of the company that's based in America, and its complexities. Then you had the complexity of the market where you're trying to get them to engage, and the uniqueness and differences of those foreign markets, whether it be languages, cultures, interest rates, currencies, all the above.

Q: All the way at the end of our oral history. I'll ask you some general questions about your recommendations on how to improve the Foreign Commercial Service and so on, but because we're at this moment where you've just described the overall picture of how the Foreign Commercial Service was operating, and you're looking at it from Washington from being able to see both sides, at that time, what would you have done to make the Foreign Commercial Service more effective given the difficulty you just described?

KESTENBAUM: Well, I see two structural impediments. One is internally within the Commercial Service as we just described the domestic field offices and embassies and the inability of headquarters Washington to effectively integrate them. Whether it was unwilling or unable, because in some cases, it's one or the other. But the inability to integrate the domestic field offices with the foreign embassies. Then, of course, the broader inability to integrate the commerce programs, with the other agencies of government, particularly Pentagon, State Department, and others who had agriculture, who had treasury, and who had some degree of global engagement.

I did two years in the office of the U.S. Executive Director of the World Bank. And that's kind of a closing, although I did go overseas to Saudi and wrap up with 9/11. But in terms of the FCS, the Commercial Service, and my experiences and careers, the wrap up of what I saw, and what I see and how it did or didn't work, was my last two years at the World Bank in headquarters. We can get to that, too, as a follow on to this, but that's part of the whole broader. What would I have done differently, I would have much more

accurately and much more aggressively forced the inter relationship interaction between both the domestic entities within and the Commerce Department internally and commerce with the other agencies and entities of the government itself as well. So particularly, in those areas that had influence over things that commerce had impact, though, and specifically, what am I talking about, which we'll get to in future sessions is how did we lose to those subsidies? What did the foreign governments do specifically, that we did or didn't do? What can we do going forward or have we done already, to some extent going forward, but need to do more in order to actually be competitive in 2024, 2025, 2026, not in 1999?

Q: Sure. But just to spool it out just a little bit more.

KESTENBAUM: Sure.

Q: Was there, I know that at least for a time, FCS Washington, the Directorate that determines which officers go where, there was a time when they did assign a few of the Foreign Commercial officers who went to embassies to some of the domestic locations for at least a brief time. Was that at all valuable? Or did they abandon it assuming that we tried this and it really didn't help?

KESTENBAUM: Oh, no, absolutely, it was essential. It was very successful, it was abandoned because they didn't have the personnel and the money to sustain it. In order to fulfill your posts overseas, let's say you have a hundred positions, well, you need a hundred and ten people because ten of them are going to be sick or giving birth to babies, or being tried for crimes, or whatever it may be. Or if you have a hundred positions, and you don't have a hundred officers who can fill them, then you have to fill those positions with your domestic officers, so you may need to take ten of them, and send them overseas or twenty of them to overseas for a year or two, three, or four. That's supposed to be part of the system anyway, the priority is to get those. The original objective when they created the domestic and the Foreign Service in 1980- 1981, was to have every Foreign Service officer serve a domestic posting within his first ten years and every domestic officer serve at least a limited assignment, whether it be a month, a year, or three overseas within the first ten years of their assignment. This should have been made an absolute requirement. No exceptions, or only a few exceptions based upon things like medical. But we didn't do that. For whatever reason, I can't address that in terms of who was in charge back in 1990 because I wasn't there, I was in Abu Dhabi and in Baghdad. By the time I got back all that had been already put in place. But we desperately wanted to have our officers in the field. How can you possibly understand the global market if you've actually never been in one? Or as I said, how can I possibly have understood the challenges and issues that face American companies trying to get into Abu Dhabi if I

hadn't actually sat in an office and dealt with a bunch of them for a day or a year? And seen what they were trying to achieve and understood the issues of their priorities. Had we, as an institution, done this and had everybody participate, then we would have much, much better understood the structural problems that our companies and our embassies ultimately faced. One simple number. I remember I said that Lucent added a 5 percent or 10 percent fee to their export sales pricing. Well, I didn't know that until 1995 or 1996 when I was at the embassy in Abu Dhabi. We'll get to that part, again, where they lost out to Huawei and Lucent was ultimately literally put out of business by having your product stolen and then subsidized. But that was a classic example, where we just did not keep track of what was being subsidized and who was doing it. When we did report it, Washington didn't listen, or didn't care enough to do something about it.

Q: Are there other thoughts about the Washington assignment that I've missed that you wanted to share?

KESTENBAUM: I think that's a pretty good summary of the three years. As I say, it was a terrible transition period for people like me, because, while we had some great successes and some wonderful situations and opportunities to really have an impact, as I say, with Kuwait and South Africa and India as three wonderful examples of really good big global markets of impact and importance and priority. At the same time, during that period, and for the next period of years following, we did not compete effectively, we did not understand and engage to the extent we needed to. It became very painfully clear during that ten year period exactly what was happening to us. We had tried really hard from '80 to '90 to compete with Korea, with Japan. There's some great examples of that, which we can get to as well. There's one in if I could do it in 1990, if we go back a little a year, on how that competition didn't work and why we failed. We were trying to sell a satellite, a submarine fiber optic cable that was going to go between Asia Pacific and Indonesia. It was going to be the core fiber optic cable, which went to Japan and then all the way across the Pacific to America. And we were trying to sell the American system to the Indonesians. And the competition was between the American supplier and Japan, and the Japanese company was Mitsubishi. I don't remember the American company who actually made the cable. I don't think it was AT&T. I can look it up and see who made submarine fiber optic cables. But the American company came to us at the embassy in 1990 and said, We need help. We are getting crushed here by the Japanese and yet we have superior technology. And we're getting beaten out on price and corruption. And this isn't fair. And so we went to the Indonesian authorities. And you remember in your previous story about the Indonesians and the hookers in Thailand, so we had good relations with them. And we had managed to kick the Chinese in the butt for the long march rocket launch for McDonnell Douglas for the Palapa B-4. The Indonesians had to buy our American rocket because the Chinese one didn't work. But in this instance, the

issue was that the Japanese submarine fiber optic cable, Mitsubishi's, was just as good as the Americans. In fact, it was likely that it had been over a ten or fifteen year period in the 70s been copied by them for sure, and reproduced. So the issue becomes that the Japanese are offering enormous subsidies on this. And we're telling the Indonesians, don't you dare buy their product at a lower price than what the global market allows. But the Indonesian position was, which we understood but explained to Washington but Washington but they didn't want to hear because it didn't fit into Washington's worldview. The perspective was, we and the Japanese are both going to fund critical infrastructure for our companies. It's not that we're doing this because we love Indonesia and want to help them as a poor country. That's part of it. But the idea is that we're wanting to compete for our companies and our products. So we told the Indonesians, don't you dare buy the Japanese, or we won't let you X, Y or Z. And the Indonesian said, Wait a minute. Why would we give up the cheaper, lower cost product from a friend and ally of Japan, for America, and lose the Japanese funding in the future? Japanese funding is critical. Japanese export allowances are huge. And the Japanese in the 1980s and 90s were subsidizing huge subsidies in order to win and gain capital market shares, especially in large scale manufacturing of entire submarine fiber optic cable across the entire Pacific. I don't know how many billion dollars or hundreds of millions of dollars in those days, I don't think anything was a billion dollars then. But everything is a billion dollars now. In any case, the Indonesians came to us, I mean, rounding errors for Microsoft or Bill Gates, anyway. Okay.

So the Indonesians said to us, Look, this is a very, very high level policy decision that we're making, and you need to understand that we're not buying your product, because it's inferior, it's the same. In fact, we know that the Japanese copied it ten years ago. But because you told us and showed us. But we are afraid to lose the Japanese money, especially this billion and a half dollars, or whatever it is, for this big fiber optic cable across the Pacific. So we're sorry, but we're gonna buy the Japanese cable, but don't cut us off. What happened was, they basically came to the conclusion that the Japanese money was more important, and was going to be more funding for more things they needed than what the Americans were willing to offer at lower rates. So we were not willing, our ExIm Bank, I ended up working at the ExIm Bank, but our ExIm Bank and our State Department and our Treasury Department, those three players who really control this thing refused to say we will subsidize at any rate to keep the Japanese out of our market. At the end of the day, the Indonesians said, Well, then, if you're not going to meet the Japanese price, no matter how low they go, then we have to buy the Japanese because we cannot possibly justify paying a dollar more for something that we need just to please the Americans. So if you can't compete, goodbye, and we didn't compete, and we lost the submarine fiber optic cable to the Japanese. I can tell you that we probably don't have much left in the way of submarine fiber optic, if there is any, I don't know if we use them

or not for satellite stuff, but in any case, that's a classic example of how we knew very well. It was clear, our friends in the Indonesian government were not hiding from us. I mean, gosh, they wanted to buy our stuff. They were buying our stuff. They just bought our rocket launch and paid more for it. But there was a limit to what they were willing to do and we had crossed it. And the Japanese had crossed it in what they were willing to offer in terms of future funding. And so the Indonesians looked at it and said, Sorry, America, but our national interests demand that we act in our own best interests and those demand we buy Mitsubishi fiber optic cable, not AT&T or Lucent or whoever it was. We lost that contract in 1990-1991. Sorry, go ahead.

Q: Well, and when you lose a contract like that, you also lose the follow up, the repair, the upgrades, all of that?

KESTENBAUM: Not just that, but the equivalent of others as well. I mean, who's gonna buy American next time? So we not only lose that one but the follow up and the repair and the spare parts and all the services going with it. But we lost basically the global marketplace because people looked at it and said, Well, damn, the Indonesians are buying the Japanese and maybe we should be too.

So it was a very serious example in 1990-1991 of this trending that had been going on for twenty years, first, as I say, in the 60s and 70s, with Korea and Japan, but then in the 80s and 90s. It expanded to the rest of Asia, including obviously China. Here we are and we're getting crushed by Japan and getting crushed by China. Really asking the question, how was America so out of touch with things for so long, to not really understand the arrogance of America as the world power of our military, our industry, our technology development. The fact is in 1969, we walked on the moon, as a good date to give a perspective. So in '69, we're walking on the moon. By 1979, we're not walking on the moon, we're not even walking in Japan anymore or Indonesia, or Korea. So that's kind of some sense of the perspective of how blind we were for so long with this sense of entitlement and power, and authority. To watch it erode like that over decades, was really frustrating, because there was no one moment that it was a switch that was turned and suddenly people would wake up. It was a gradual thing. Every time as I say, there was the issue with the Japanese and the Chinese, who is subsidizing this and that. India suddenly opening up and all the other things. So we really did a terrible failed job, and not us individually, in commerce service. But both as a commercial service as an aggregate and the U.S. government in total, both failed terribly over a very long, extended period of time to really understand what was going on in the marketplace. And I'm still not sure they still understand it today. I'm sure the State Department still doesn't. But I'm hoping that everybody else seems to at this point.

Q: All right. Now, that does take us to the end of your tour in Washington, which would be 1994. As that is concluding, what is the personnel office talking to you about or what are your considerations for the next tour?

KESTENBAUM: Yeah, very important. I had a tremendous opportunity to go almost anywhere. I didn't want to serve in the domestic field offices. And I didn't want to serve in places that I wasn't expert. So immediately write off Latin American, I don't speak Spanish. Then, largely write off Africa because we only had a couple of posts there. And the only one that really had real impact and importance was South Africa. And I had just finished three years of running that program from afar. So I wasn't interested in going back there. But remember, my experience, my languages, my previous tourism assignments, and two things, one was family, and the other was opportunity. And I saw the opportunity in the UAE because I mean, I knew very well, having been there from '80 onwards, that what was going on, and all the things that were developing in oil prices and the growth in the airlines and expansions and tallest buildings in the world being planned, free zones everywhere. Just opportunity and because of the regional role in the emirates of Dubai, and Sharjah to a lesser extent. The fact that you could manage regional business, global business on a scale from the UAE would be unique. And so even though it was a return to an original assignment. It was a sense that, for me, not only was it comfortable, because I knew everything, and everybody. I mean, including the rulers and all the inside princes. It also was a tremendous opportunity for me to re-engage with my family because, remember I first met my wife in Dubai. And at that time, her kids were two years and five years old. And we had another kid in '91. So it was going back. My daughter, for example, going into high school in Abu Dhabi, and my little child going to elementary school there. My wife was happy to go back there because she had lots of friends and she lived there for many years and knew her way around and all of that. So it was a great opportunity to do that.

Again, it was a regional office. So I had real authority, and the global competition was very much on the ground there as I say, on the regional basis. For personal reasons, for family reasons, and career, I went back and did not regret a moment ever of doing it because it was a truly extraordinary opportunity again. In that context, a couple of really, really fascinating themes to focus on. One of which is the issue we have mentioned previously of sanctions.

Q: Alright, but before we get to the issues, you arrived there in '94?

KESTENBAUM: July, August '94.

Q: Take just a moment to describe the setup. In other words, how large was the section? Was it linked with the embassy? What were you walking into?

KESTENBAUM: Yeah, that's another great point. You seem to know everything that I'm telling you, Mark. It's not fair.

Q: I've interviewed a few other FCS officers.

KESTENBAUM: Oh, you have, okay. Oh, I thought I was the first. No?

Q: No, Carmine, Bill Center, and a few others.

KESTENBAUM: Oh, my! Carmine and Bill. Okay, great, then you've got a good background. Oh, my goodness, and you know everything. I'm surprised you haven't told me I'm wrong yet.

Q: It's not my job to tell you're wrong. We never get into antagonistic arguments. This is your oral history from your point of view.

KESTENBAUM: Yeah.

To the embassy in '94. It was very comfortable and familiar, it was many of the same local employees, Foreign Service Nationals that I had worked with previously, who were all, I hope, very happy to see me. At least they made me think they were. I was able to re-engage. The interesting thing was, when I first joined in '81, the commercial office was inside the Embassy building. And very quickly, within a year or two, the embassy moved out of that building on the Corniche, and moved to a much bigger Embassy building further away from the downtown market. So we had to consider, what should we do? Should we go with the embassy to this big new embassy all the way on the other side of the island which is in a fortress with big walls around it? And is a twenty minute drive from the commercial center of the town? Or should we separate out and open a new office of our own, a commercial center? And could we do that? It was new, and it was 1981-1982. We're trying to figure out new means and modes of operation for this future commercial service. We might want to move out of most of the embassies or all of them, or maybe not, depending on the country, the market situation, funding, security. We looked into it. Fortunately, in 1981-1982, the security issue for us in UAE was very limited. The threat of violence, was still very fairly narrow, although it was about to collapse because of the '79-'80 Iran Revolution and the Civil War, and then the whole issue of Americans and the embassy, and diplomacy and diplomats and all the embassies being American embassy, Tehran. What happened after 1981 dramatically changed the

physical presence and the security issues of the Americans in the Middle East, that '79-'80 period, which Americans were released right after the January '80. So that was a really dramatic change in the physical security structures, and the perceptions of where and how we were. It didn't actually translate out yet into pushing us back inside the security perimeters of the embassies, which did eventually happen. What actually was happening then was we were trying to get out and structure ourselves more and more into the commercial community. And the idea being that if you have a little commercial office, and there's not military people there and there aren't soldiers, and there aren't CIA officers, and there aren't really marine guards, and then nobody really cares about blowing us up or kidnapping us because it was just a secondary, tertiary, potential risk target back then, prior to '79-'80 because we didn't have a commercial section. So we didn't really understand the extent of what our security risks and profiles were and of course, it was different country by country and even city by city. So what was in Abu Dhabi was very different than in Dubai a hundred miles away.

We fairly quickly decided that we were going to have to get out of the embassy and move to a commercial office. So we found a commercial office on the fifth floor of a commercial building on the Corniche. And we got commerce to agree to rent it and furnish it. So we put a guard, we hired local guards and put an armed metal door on the main entrance that couldn't be opened except with an explosive. And we had the most minimal security of that office for the first couple of years that I was there. Fortunately, they didn't attack that office, nobody did. So there was no violence, but eventually it was closed for security purposes. The commercial service did move back into the embassy itself. It was only a matter of a few years before that actually happened. It's a fascinating subject because even during that period 1983 remember, Ayatollah Khomeini sent the revolutionary guard to me and Dubai hundred miles away, to kill me, to blow me up.

Q: You mentioned that, but we haven't gone into that in any kind of detail. That I recall.

KESTENBAUM: It was very straightforward. The Iran revolutionary guard was very upset with the Americans, as was Ayatollah Khomeini, in early 1980s. For whatever reason, they decided, sanctions that we were imposing, and all the rest of it, they decided that they were going to attack the American embassies in the Middle East region. So the first attack was a guy who drove a truck bomb through the front gate of the U.S. Embassy in Kuwait. I believe it was in November or December 1982, it could have been January '83. There were several bombers who tried to blow up the Embassy and they weren't all Iranians, ironically. They had, by the way, driven right into the main building, which was not the embassy's security headquarters where the CIA and Pentagon are, but rather the main building where the commercial office and the agriculture office and the visa offices were. So all the visa people and the commercial officers were killed or wounded.

Q: Is that legal?

KESTENBAUM: Fortunately, my American counterpart, who was an elder woman, who had been sent out there on a limited assignment for a year, was in a hotel room at the time meeting with some business people and wasn't in the attack. But in any case, I was at that point a resident in Dubai, and living in the Intercontinental Hotel Plaza, which was an Intercontinental hotel. Next to it was the plaza apartment complex. The plaza apartments had room service from the hotel. It was one of the advantages of why people would want to live there is to have everything already paid for and looked after. We were told that the Iran Revolutionary Guard was going to do a second attack at some embassy in the region. But it was unlikely to be the Consulate in Dubai, because they couldn't get to the Consulate, it was too well guarded, it was on the nineteenth or twenty first floor of a world trade tower. And it was just too hard to get to anybody there. So we were told that the plan was to attack one of us at our home, privately, and assassinate somebody directly. I had just earlier that summer in '83, been back and visited my brother in Texas, and he bought me a thirty-eight Smith and Wesson. And I shipped it out to Dubai in a diplomatic pouch.

No, no. But I said to him, I need a gun. And he said, Okay, I'll buy you one. We bought a gun and I shipped it out through diplomatic pouch. So I'm on the fifth floor of the Intercontinental Hotel Plaza apartments and one evening, I guess in either late December or early January. I get a knock on my door. And so I go to the door to open it. I think, wait a minute, look through the peephole. It might be a security issue. I looked through the peephole and good thing I did because there's a guy with a red jacket and a beard and a service tray. And his hand is under the towel on the service tray. And I'm thinking holy cow! That's the guy that's been sent to kill me. I ran, grabbed my gun. And I rushed to the door to throw it open and shoot him. Then I thought, wait a minute. First of all, I don't want to shoot anybody. But second of all, suppose under that towel on the tray is a bomb is a trigger, and not a gun. And suppose I shot him and he blows up and his fingers released, and the tray blows up. So I thought, not a good idea. And remember, we're talking now, instant thought, what to do. I remember back to '76 in Damascus, and all that. So an instant moment of thought. So I don't open the door and shoot him. I don't answer the door, and I don't let them know that I'm there. I quietly sneak back to my bedroom, on the far end of the apartment, and I called for help. I called the embassy, I called the consulate, and I called the hotel, and everybody comes rushing up there. In the service elevator, we find the tray, the towel, the jacket, and nothing else. So the guy had given up the assassination attempt. He apparently knew that we were on to him. They didn't try again, although they could have and might have, but they didn't. So that was a one off. I don't know where and what they did was next to who they tried to blow up or

whatever. But that was my little one time experience with the Ayatollah Khomeini sending somebody to blow me up.

Q: Yeah. Incredible. Wow. An incredible story.

KESTENBAUM: It was just part of our daily life. We didn't think anything of it. I didn't leave, I didn't quit. I didn't run home. I just closed the door and put the gun down and went back to work the next day. That's what we did.

Q: Was there ever a problem for you having that gun because typically, you have to register it with the embassy and so on.

KESTENBAUM: Okay, another Gary. The chief of CIA in Dubai at the time, was named Gary Schroen, SCHROEN, he's famous, and you can look him up, Gary Schroen. He ultimately was the guy who led the team into Kabul, Afghanistan, after 2001 and was literally the first guy on the ground with a gun in his hand to start the liberation of Afghanistan after 9/11. He led the first team into Afghanistan, so you can tell who he is and what kind of guy he is. In 1983, he was chief of station in Dubai. So when I left Dubai, winter of '85, he said to me, Charlie, you can't take the gun with you to Baghdad. We just can't allow that. I said, Well, okay, Gary, what do I do? And he says, you give it to me. It's unmarked, it's unregistered. It's unattributed. Nobody has any clue. It's a perfect weapon for us. So you give it to me. I'll owe you a favor forever. And Gary Schroen still owes me a favor. I know that he took that gun and did something good with it. But in any case, that's what happened to the gun. I gave it to him who gave it over to the CIA and I went to Baghdad without it because they didn't want me to go with a gun. It was better off not having a gun in Baghdad.

Q: Yeah, it's, yeah. That's really hard to say and something else, but all right. So you get there. You've got your separate building in Abu Dhabi. It's 1994. What are you looking at first? What are your initial-

KESTENBAUM: No, no, we lost our separate building. And we had to go back into the embassy. That was from '82 to about I don't know, I left in January '86. So I have no idea when they moved back into the embassy. But by the time I went back in 1994, we were back inside the embassy for sure. I mean, there was no doubt about that.

Q: Alrighty, okay. Then how do you begin your work? I mean, what are you looking at first? You have networks leftover I'm sure from the first time you were there. So you'll probably want to renew some of your contacts and so on. But what were your initial goals when you got there?

KESTENBAUM: That's exactly right. Initially I was restoring all the contacts both especially with the locals, like Ali, my soccer buddy, and so forth, but also within the third party business community. All the Indians, all the British. Everybody was there, because remember when they did a survey, a census in 1971, when the British left in December, they counted 25,000 citizens in the UAE. That was probably just men. But still, I mean, a small base, and so obviously immigration and birth rates and all the other, but still such a tiny little population, tiny, and so amazing what they did. The idea being that those who had influence just had more influence, and it was becoming more and more concentrated even though the idea is that they were supposedly spreading wealth and influence to every UAE national who was interested in anything. Their doors were wide open. Give you a classic example, when the British started training air traffic controllers in the 70s and 80s for the airports in Abu Dhabi and Dubai. Probably it was in the 80s, they were also training in Oman. That's where they got the contract because they had been doing Oman. So Abu Dhabi, Dubai, UAE said, oh, yeah, okay, we will happily take it because you guys, you're training people in Oman, that means you speak Arabic, and you're understanding our market and our personnel and the issues that are really unique to us. They brought in the British and at the end of the three year period, the British had trained a hundred and fifty Omanis to be air traffic controllers of various state forms. And they had managed to train six in Abu Dhabi.

It wasn't because everybody had failed, it was because they couldn't find more than six who wanted to do it. That manpower issue and situation was such that it was very easy and very quick to go back and understand who is in charge, and who is empowered. In some cases, these are people that I had empowered myself. So the Chamber of Commerce in Dubai, remember, I had created them. So that was an instant center of power and influence, and access and I arrived in the summer of '94. By summer of '95, a year later, the American Chamber of Commerce in Abu Dhabi was created and formed, it was only waiting for me to step in and get it going because the original work had been done ten years earlier. But Abu Dhabi, of course, being who they are, they never want to follow Dubai, and they never want to be seen as doing it second. So it took a while to convince them, but we did. We created the American Chamber of Commerce in Abu Dhabi in 1995. Those were the kinds of structures and organizations that we engaged and committed to greatly expand our day to day and our network access to the communities, both American, domestic and third party. The three actual business communities were the Americans, the Sheikhs, and then all the employees that they employed because the Americans were way too expensive to employ for anything except senior management. But all the Indians would come in there for a hundred dollars a day or a hundred dollars a week, whatever they were offering or asking for. Believe me, the Indians were just as good as we were, in many cases better.

That's true of all the global markets. We were focused on accessing and supporting our community. But remember that three year period was an extension and expansion and getting worse every day of the previous three year period when everybody was eating our lunch, Chinese, Japanese, Koreans. I mean, the Japanese crushed us in Indonesia in 1990. And the Chinese crushed us in Abu Dhabi in 1995-1996 with the Huawei telecommunication hundred ten million dollar central switchgear, which turned the core of the UAE telecommunication system away from American firms to Chinese and Asian firms. We never got back effectively to any extent. There were significant losses of American major market shares and interests during those more than ten years. This was an ongoing process that had multiple profiles. In the 60s and 70s it was China, Japan and Korea. The 80s and 90s it was Japan, Korea and China. By the 90s onwards, it was basically just the Chinese who were stealing everything and kicking our ass. Koreans were already bought off or had gotten to such a level of higher income and productivity that they no longer could compete at the lowest ends of the market where the Chinese were. And so they were moving up the ladder of ownership and management and value and salaries and just at that time Indians were moving; November '91. We have talked about India reopening. And not only people going into India and doing business there, but the alternative, the opposite, which was Indians going to more global markets because they realized that they had the manpower, the technology, the resources to effectively undercut virtually everybody anywhere they wanted, if they were ready to. They became ready to because this Indian isolation reversed to become an Indian globalization and that was in the late 80s, early 90s. It's been going on ever since, of course, to the point where today India is the 2nd world's largest nation, and second largest economy or third largest economy, whatever it is.

Those were the kinds of trendings that were going on. Unfortunately, sadly, for the USA they were all in the wrong direction during that time. As I say, it was a really serious ten year period, or more. But I mark it as from '69, when we walked on the moon and '71, when the GCC countries all became basically independent of England, Bahrain, UAE, and Oman, and the whole GCC was created as a result of England withdrawal from its colonial era. That was in the 60s 70s. As a result, we had a very, very dramatically different market.

There's a great saying. I said this before, and will probably say it a few times more. But the old ethos of the Bedouin, in Arabia, is that my father rode a camel, I drive a car, my son flies an airplane, my grandson will ride a camel. Because the wealth is temporary, the oil is not permanent, it will be empty, before it runs out, they may use something else, but even if we don't use something else, it will run out. And we have nothing else as an alternative. We have no real technology, no manpower, no other identified resources that's

competitive against Japan or China, whether it's technology, or India or manpower costs. So we really don't see any sense of future for us other than accumulating as much wealth and capital as we can, and then using that, hopefully to sustain ourselves indefinitely in generations of the future. So the sovereign wealth funds are really the critical focus key. We talked about that as 1991 was only really the beginning of the sovereign wealth funds becoming aware of the essential nature of their role in the future of these countries and the sense that without that money, their grandchildren will be riding camels or something equivalent. And so that whole Bedouin ethos thing is such that there's no sense of permanence, and therefore no sense of real commitment. That's changed to a great extent, especially the new generations that have come up.

I mean, imagine somebody who's twenty years old now in Riyadh, was born in 2002, after 9/11. And you're twenty years old. So what kind of world? I mean, everything is Zoom and social media. And yet, I mean, has any Saudi who was born after the year 2002 actually ever rode a camel? Or even know where one is, other than when they went out on the desert on a holiday with their grandparents, who showed them the camels that they used to ride?

It's important to understand the permanence in the sense that everything was changing dramatically, and we were not keeping up with it. We were not following it effectively, and certainly, we were not communicating to the decision makers in Washington who for whatever reason, would see it, read it, hear it, watch it and then go do something else. Regardless, they would not do what was requested.

I guess it's close to wrapping up this session. So I would wrap it here. What that leads into, we don't have to leave '94 yet. But that leads into the '97-'99 experience, which was back again in Washington. I was on a three year assignment to the World Bank, as the U.S. Commercial Counselor in the office of the U.S. Executive Director. I hated the job and everyone there hated me. Because all I wanted to do was get American companies business and all the people there ever wanted to do was get contracts and kickbacks. We used to joke about poverty alleviation, which begins on seventeenth street and ends on nineteenth street because those are the boundaries of the World Bank and the IMF. They were taking good care of themselves and the poverty that was being alleviated where the employees of those banks and institutions, and maybe somebody in one of those hungry countries might get lucky, and get fed now and then with the scraps and the crumbs that were left over from whatever the World Bank was stealing. The World Bank hated me.

Because of the corruption. The World Bank is filled with employees from all over the world. Every nation as member of the World Bank was putting their people in there as much as they could, and what was their national objective? Get as much business and

money out of the World Bank as they possibly could. That's what those people were there for, not to help the poor developing countries, because many of the people worked for developing countries or intermediate developing countries that were trying to win World Bank business and coming up against the Americans and the Japanese to try to compete and couldn't. So as a result, everybody in the World Bank, every project manager, was Pakistani, Brazilian, was Chinese. All corrupt as hell personally, and nationally focused on what they could do to help their country and their economies in their country. Of course, me being the U.S. executive director's office, we were focused on trying to help the bank work efficiently and effectively and the right companies get the right projects, whoever it may be. Conflicting core objectives of national development and individual benefit.

Of course, I immediately took one look at what was going on and said, This isn't working. We're being cheated, we're being stolen from, we're being screwed, every which way. I'm a Commercial Officer, and I've represented American companies and all these global markets for twenty years and I can't possibly allow this to continue. So I started to expose the corruption and the crooked deals and actually challenged the contract awards that were being made by the World Bank to third world countries companies. I had no friends, because the winners included British companies, Chinese companies, because every World Bank executive wanted his firms to benefit most.

I learned really quickly what those corruption structures were. I ended up curtailing my assignment to leave World Bank to go to Saudi Arabia. But that's what I did. In 1999 I left early to fill Senior Officer position in Riyadh Saudi Arabia because it was vacant and needed somebody there–

***

Q: Okay, today is July 17, 2023, we're resuming our interview with Charles Kestenbaum . Charles, once again just set the year that you are in before we continue.

KESTENBAUM: Yeah, well, we're in 1994, theoretically, but it's an extension of the previous few years that we had discussed earlier in my regional discussions. We are in a place where the major policies were extensive, global and long term. They emphasized industrially vast size and scale. They were implemented in many aspects and executed during the next ten years. So 1991 to 2002, 9/11, and that whole period, and my ultimate retirement, that was really basically a decade where we were in a process of desperately trying to change and turn around the global economic trends in manufacturing and industrial capability that had been going on for decades prior, and how commerce really was a priority. I would just make one early on comment, just which we can say much,

much later on. But notice that in the last seventy-two hours, it's come out that China has been busy hacking into the U.S. government, into the emails to steal data. And they're certainly not telling us all of what's been hacked or how. But what was interesting about it was who were they hacking? The Secretary of Commerce and her inner circle and why? Because the U.S. and Secretary of Commerce and the Commercial Service were working very hard and extensively to counter China's global industrial growth and influence. And so China perceives its number one enemy and risk in the United States, foreign affairs, is not the State Department, although the State Department was hacked too, but it was the Commerce Department. I think that is very important in telling, as to the reason why the Commercial Service began. The way commercial work is so important and why American diplomacy still has a very long way to go, to understand and engage that properly. This is partly because of the nature of our system dividing government from private sector and industry and finance and business and money and profits, and the importance of independence and free enterprise. The challenge that the whole system faces is the global market, when other governments don't operate under the same rules and principles.

Q: Exactly. A perfect introduction. So please go ahead and continue.

KESTENBAUM: During my '94 to '97 period in the UAE, there were a number of events that took place. But one in particular that was so indicative of how we were failing, and how we did fail, ultimately, and what the impact of it was on the U.S economy. There was a big major telecommunications contract that the United Arab Emirates was contracting, and it was going to change the updating modernize their entire central switching systems of their telecommunications. Central Switching Mechanisms was the technical term for where all the software was and how all the phones that when you dial, went through a central switch mechanism. This was after they have eliminated human operators plugging in numbers and phones and things. This was now the new computerized software stuff. The principal company that made it was called Lucent Technologies, which was the American successor to the manufacturing arm of what originally had been AT&T, American telecommunications. The U.S was competing, Lucent was competing for the major switch communication system for the United Arab Emirates for the next ten years. It was well over a hundred million dollar contract. If you're talking 1994-1995 that's probably a couple billion dollar contract today in terms of what the dollar value was worth because everything seems to be a billion dollars today.

Lucent was competing for this contract. They came to the U.S. Embassy and they said, we need help. We're getting beaten on a contract we should win. We're getting beaten not because the host country is corrupt. Although, in many cases that is the issue, we did talk about that in the last session briefly about how the power stations, how Abu Dhabi what

they did was cut the baby in half and gave the weaker half to the Japanese and they gave the better half to the Americans because that's how they had to try to keep in good graces and do business with everybody and not close their markets off or become monopolies. It's all very good and smart, very, very smart, competitive. We got the best part of the deal. But the point of it was that that kind of competition was going on regularly. And in that original case, it was power stations for Mitsubishi in Japan. But in this case, the company that we're competing with, was a company called Huawei. Huawei is well known today. I believe it is the number one leading global telecommunications software and services and IT supplier, especially with the AI and all the new social media capabilities that they're doing. But then, in the mid 1990s, Huawei was a very new company that had only just begun. It was created and owned originally by a Chinese naval intelligence unit. So it was not actually a competitive commercial company at all. The first thing they did was they purchased and then re-engineered the Lucent software technologies for the central switches. So they purchased it originally under the guise of wanting to buy it and put it in China, which they probably did because they needed a telephone system. But what they did was they re-engineered it, they completely figured out how to do it. Then, they started producing it themselves. The first units they made they used in China to make sure that they worked properly. Once they were sure that the units were equal in capability of the Lucent systems -5-ESS was the name of it. The Lucent switch gears were initially US systems central switches. Then they started competing on global markets, initially selling to companies in countries where they had complete control and who the countries were using Chinese funds to help develop in the third world; where the World Bank was funding for example. But pretty quickly, they moved up the market to compete for real dollar cash business with the leading state of the art companies and countries and clients. And in that case, they very quickly saw the United Arab Emirates was a great market because they could make fast decisions. They had a small number of people who really were in charge. So they did listen to professional and technical experts, all third world country people whether they were British or Indians or anyone else, because they had no experts of their own citizenry wise, and they had all the money in the world. And they had systems that can be easily replaced, because they did not have a very, very deep, extensive infrastructure of telephone systems for over the last fifty or hundred years as we did, or many countries in the U.S. and Europe. They went from a dial phone straight to the cell phone.

Q: Real quick question about Huawei, is it also becoming vertically integrated into the telecommunications market with cell phones and other equipment and service and so on?

KESTENBAUM: Oh, yes, absolutely. They were not a single service or single item company at all. They very much had the intent of accessing and capturing the A to Z of the telephone and communication systems. I'm just giving you this example where I

actually had the experience of working in an embassy with a team with American firms competing for the contracts that ultimately were lost, and the market was lost. I'm not a happy proud teller of that story.

Q: I'm sorry for interrupting you. I just wanted to add that little bit of understanding about Huawei, because of course, a year or so ago, the U.S. went around to key allies and said you better not be buying 5G or any of the new technologies from Huawei, because they have backdoors and they're going to be able to infiltrate whatever it is they give you. But you're telling a different story in an earlier time of Huawei. Please continue.

KESTENBAUM: Well, the Huawei intention was still twofold as it is today. One is the economics of the market and owning market share making profits providing thousands and thousands of jobs to high tech Chinese workers. That's in the economic business sense. But also, you can be darn sure that, as you've already pointed out, as we were pretty sure too that every system or item they sell, whether it be a central switch, or a cell phone in somebody's hand, all have a means of accessing Huawei into those networks and systems, whoever is using them for whatever purpose Huawei may have. Now, it may be no purpose, they just want to be able to access if they need to, on an emergency basis, because they don't want everybody knowing what they're doing. The more that you access somebody's communications, the more they become aware that their communications are being accessed because the results of those accesses have arisen. I mean, if they act on it, then you can see you lost the contract or they shut something down, they would have only known if they heard your phone conversation, or read your text. So there is a results element to it, that if they're going to use it and engage it effectively, then the victims are going to become aware that they're being victimized at some point, hopefully, pretty soon. But in this case, the primary focus for Huawei was market share and getting into the market and beating the Americans out of the market, generating hundreds of millions of dollars of sales. And of course, then getting control of the entire central core communication system, which obviously gives them any and all access they want to individuals, particularly those in the royal family, those in the palaces, those in the ministries, those into defense systems, and those in the foreign embassies. So everybody gets hacked, because everybody's using the same system. So everyone literally is vulnerable under that kind of system.

To continue the actual competitive story. Lucent came to us and said, we're getting beaten and it's not fair because we own the technology, and they've stolen our technology. Now they're underpricing us. We went to the UAE and we said, guys, they stole our technology. And they're underpricing us. And they said yeah. And we said, well, you can't buy it. And they said, why not? We don't have any evidence or proof or anything

that they stole your technology. They're a major global company, led by the government of China, your major global competitors, and one of our largest markets and the largest buyer of all our oil, by the way.

So if we need to keep somebody happy, it ain't you. Sorry, Charlie. But the reality is that China is becoming, we're talking 1994 here, is already becoming an important ally and source because we never bought any of the oil Abu Dhabi manufactured and produced. Who did? China, Asia, Europe, and the world. China was becoming every day a bigger, bigger, global market for the oil coming from Saudi Arabia and the UAE, which meant that they had much more interest and influence in those countries. Then, of course, you have UAE being the Global Trade Center. Chinese manufacturing being what it had been from the 1970s onwards, China had a huge export and trade market in Dubai, Ajman, Sharjah, and Abu Dhabi and so there was already well established China as a major market that everybody could see was just growing and growing. Remember back in those days, the Communist Party was no longer a Communist Party as such, they were much more like the same India was doing which was opening up to global economics and competition and finance and investment and trade and travel and tourism. So China was suddenly like India, in that same decade of the 90s became a truly global competitor of the United States in many ways in areas that we hadn't really been prepared for. So the Huawei story is a great one because the UAE said to us look, fine, lower your price, compete. This is a commercial market, they're offering it for less and we said, but there are rules of finance. There's the US ExIm Bank, there's the World Bank, there's the IMF, International Monetary Fund. There are rules governing what subsidies governments can cheat on and we have often negotiated these things for fifty years. And there are clear agreements, and they're breaking them. And you know what the UAE said? Well, first of all, it's not so clear they're breaking them, or that they're stealing anything because you haven't really proven it. And as I said, our interest is to have a global competitive market and everybody competing and everybody competing fairly in competitive pricing. So you're telling me, they're cheating because they're underpricing it? Well, they're subsidizing it. So match them. Wow. We were speechless. And remember, we have already told the story about the fiber optic cable contract in Indonesia, where we lost to the Japanese for exactly the same reason. The buying country made it very clear to us that they had no national interest in cutting out one of their major suppliers and becoming a monopoly for the other.

So basically, it's like they said we aren't controlling the intellectual property rights of the world, you are supposed to America, and it's your intellectual property that's being stolen, not ours, we're just the beneficiary. So we understand that you have that issue of concern, we are sympathetic. But at the end of the day, instead of paying hundred and ten million dollars, we're going to pay eighty five, or ninety million for the same system. And that

means we'll have ten or fifteen or twenty million dollars to buy something else or to subsidize something else with. In any case, we're not going to change the global system here on this one contract. And we're not responsible for ultimately global enforcement, you are. So if you're the one who's losing, then you're the one who needs to do something about it. And we've told you, America, we are sympathetic to your issues, we did cut that contract in half and screw the Japanese out of the power stations, and made it clear to them that we wouldn't let them cheat and steal things from us unfairly. We are aware of that, and we are working with you when and where it is in our interests and in the global interest to do so. But if it's clearly something that is to our detriment, and your benefit, that's your problem. I mean, they are very straightforward and honest. You gotta meet Ambassador Otaiba. He's one of the most amazing ambassadors in the world. You should have a talk with him about all this. He was there when all this happened. He had just come back from university at Georgetown and he was working in the office of the Crown Prince. So he was aware of all this was happening because in those three years, he played on my U.S. Embassy soccer team. Then he was transferred up to the crown prince's office, and ultimately, a few years later, was ambassador in Washington and had to deal with stuff like this on a daily basis. So it's not something that was unknown or new at all, but rather, it was just, that's the reality of interests.

It's happening today. In the Middle East every day, who's negotiating nuclear treaties with Iran? We are. We're trying to. And who's against it, Israel. Who got bombed three or four years ago, Iran bombed the Saudis, their oil fields. This stuff is all going on, literally live today, and still extremely relevant in this global perspective. That's interesting. There's something else I wanted to share. We don't need to discuss it now. But just if you could remember it.

One of the really interesting aspects of my experiences that I really think was worthy of sharing for the archive, because it's unique and different than the normal Foreign Service history and memoir, which is that the Commercial Service by its very nature was very, extremely different from the State Department in who it was, who it is, and of course, what it does. If you look at an embassy, the majority of State Department people are Americans, American officers, and the local employees are fairly narrowly limited to maintenance and services for fixing your toilet, or if it's in the visa section, interviewing people for local languages and doing the grunt work, but all the really serious work is all done by American officers. And most of it is done in American officers' isolation from the native people and the host country because they do it in country teams, they do it in skiffs, the special compartmented rooms where nobody could listen to us or hopefully they can't listen to us. And, obviously, so much of what they do and communicate is classified, and therefore local employees are not accessible to it. Or if they are, you've got a real problem like when we did in Baghdad, I told you that story about how my local

employee was actually working for the Central Intelligence and Iraqi intelligence and he wouldn't come to business meetings because he was up in the ambassador's office briefing the American security team. So obviously, there is that degree of extent, to overlap. But the point that I'm wanting to make and we can talk more about it later today or tomorrow is the very fact that what we do in a commercial office, first of all, is out in the community, not in the skiffs, and not in the secret rooms, and not in the closed doors. But ninety percent of it is all out in the open in the public.

Most important for this concept that I wanted to share is all our employees were local. As far as Americans, there was generally only one, at the most two, maybe in the biggest embassies, three American officers in the commercial section. Everywhere else, just one. In most of those commercial offices, we had anywhere from four to twenty local employees doing local business by sectors. So we would have a local employee who would be handling all the engineering, power generation, telecommunications equipment, and another one would be handling all the issues of foodstuffs. In other words, they would have portfolios of sectors that they were responsible for engaging and managing the market in. And so those local employees, we had names for them, we used to call them Foreign Service Nationals, as opposed to the Americans, known as FSOs (foreign service officers). And so we would be inevitably, by any number, we were the largest employer, we the commercial people, the largest employer of local people, local staff. That gave us a very different profile, in some ways, extremely advantageous, in that we had eyes and ears, and we could hire and we did. We would go out and carefully recruit, and hire local employees who had specific skills. They had key background knowledge, access, credibility, performance, resumes. We would train them to engage, as they knew exactly who the ministers were, who the biggest purchasers were, who the largest financers were, how the banking operations work. That would give us immediate instant access at the highest level, or at the lowest level depending on where we needed. But at literally every level of that industry and sector, whether it was the private sector, or the government, or both.

So we have a network of access into local community that is truly unique. And in many cases, other elements of the embassy are, in some cases, very jealous, in some cases, very resentful, but in many cases, very cooperative in understanding how that network would benefit them. And use it as many ways as situations would come up, including even the intelligence and political people who would say we need access to such and such. And we don't have it, or we can't do it. Like that story we told earlier about Indonesia and the telecommunications and the big contract with the satellite launch, McDonnell Douglas. Astronaut Pete Conrad came out there and met with me and thanked me. He was doing the marketing. Pete Conrad was one of the first to fly in space. Remember, that was a situation where we had to go to the host country, the government, at the highest

ministerial level and say you can't buy the Chinese thing, it doesn't work. Our embassy told us, our CIA told us, you cannot tell him that because the Chinese will then figure out that we're the ones that told them and they'll start looking for who our spies are. We don't want to risk that. So we were actually told by senior embassy officials, you cannot do what you're there to do, which is help American companies win business, and millions of dollars. That's an extreme example, but that actually happened. And it's very real.

It happens, unfortunately, more than it should, even if it happens only a few times. But that's an example where the other elements of the embassy have priorities that are not commercial, that are not financial, that are not for creating jobs, but rather have other very, very different perspectives and are seen to be in higher priority. Let's finish that subject by saying, clearly understood by the majority of our Foreign Service entities, that those priorities in national security, military, competitive intelligence, spying, those are our highest priority, and jobs may come second, or third, or last in that regard. This goes on until there are no more American jobs left, at which point we suddenly realize, we can't close the barn door, the horses or cows have already gone out. The point I want to make is that there is truly a very unique situation where the assets of the Commercial Service are, first of all, unclassified, which means that we have a problem. In that so much of what we're trying to do, is or could be, or should be classified in one form or another, because of the competitive nature of it. And if we send something back as an unclassified cable saying, hey, here's how the American company can go in and beat the Chinese on this bid tomorrow. And it's an unclassified report. Well, we've just discovered, haven't we, that they're reading those in China, aren't they? Secretary of Commerce. Yeah. If they're reading our unclassified reports, and maybe the classified ones, but certainly the unclassified ones, and using them for competitive purposes, then you have to realize that there's a really, really complex structure that's in play.

Q: Yeah, absolutely. Now you're in Abu Dhabi. And other than that, are you also responsible for other areas of the Gulf? In other words, other regional responsibilities?

KESTENBAUM: No, I did not have any authority over anyone else. But the UAE itself, remember, had two offices. It had the embassy in Abu Dhabi and a Consulate in Dubai. The Consulate in Dubai has an American officer in it, as well as in Abu Dhabi. So we had at least two officers, in some cases we'd also have two in Abu Dhabi. So we can have three officers, but remember Dubai is very much a regional headquarters. So if you asked the 150 American companies with regional headquarters in the six GCC countries, 140 of them were in Dubai, five of them in Abu Dhabi and five of them were in Riyadh, because they had to be like Aramco or something.

Q: Interesting. You've described this particular difficulty and the ramifications that came from it. But were you also working in other sectors? By now I imagine Abu Dhabi and Dubai's Chamber of Commerce must be a major player and a major asset for the embassy.

KESTENBAUM: Absolutely. In fact, remember, we created the AmCham in Dubai in 1983, and created the AmCham, in Abu Dhabi in 1995. So this is exactly the same period of what activities we were doing that were both company specific, I want to win this contract, and I need to make money. I need to have a real hard win lose success on a specific competition. There's a deadline, and there's a date and there's a scope of work needed to be done in a frame of time. But there's also very much as we were saying, establishing infrastructure and a system where the network becomes broader and more engaged and more permanent. So those chambers of commerce, AmChams, as examples. Let's say, two weeks ago there was an IT delegation that the AmCham brought to the UAE, 80 American companies flew in there, 80 of them all in that sector and had a week of incredible meetings and contacts with the ruler, with the ministers, with the largest business executives with all of this state owned enterprises, the public investment funds, N42, Edge, Neon, PIF. So it's all going on, literally, as we speak today, very much implemented in a broad, successful way that was created back in those periods that we understood what the market needed. Now we're talking 1983 to 1995, that's twenty-five to forty years ago, we understood how we needed to structure our presence to be much more effective and more permanent.

I have to say, it's been very successful, especially successful there, as opposed to some of the other places where I didn't engage. For example, the AmCham in Bahrain has not been nearly as effective, the one in Kuwait, not nearly as effective. The AmCham in Saudi Arabia, not nearly as effective. Still better. Oman, hardly active in AmCham. So many of them saw their local markets as not being competitive. For example, AmCham Bahrain has had limited engagement because Bahrain doesn't have the vast surpluses of money. But before the oil money surplus, Bahrain was more engaged. Remember the Concorde - the famous French Concorde, the super jet? Where did it fly first?

Q: Paris to New York?

KESTENBAUM: And then Paris to Bahrain.

Q: Oh, wow. Yeah.

KESTENBAUM: And London to Bahrain. London to Bahrain became the main Middle East destination for that flight. When the Concorde went down, Bahrain went down, as

they were not able to replace it. There was no alternative. The other airlines, as I said, Emirates Airlines started in 1983 with 2 leased A-300s. The biggest purchase recently was of Airbus A380s. The first airline to buy an A380 with its colors on it was Singapore, and the next thirty A380 were purchased by Emirates Airline. When we asked Emirates, why are you not the first? They said, We don't want to be the first in case it crashes. We don't want our name on it, our flag on it. But if it doesn't crash it's great, then we'll take over. I remember meeting with the head of Singapore Air back then and he's saying they're killing us. We bought the first one, but they have so much more money than we do. They can control the market, we can't, because we're just not big enough. We don't have that kind of cash. The Saudis and UAE have billions of dollars of surplus money and can afford whatever price they have to pay. You know how it is the same thing with Airbus, as it was Airbus vs Boeing, as it was with Huawei and Lucent or Pratt and Whitney and Mitsubishi. Nobody wants to be cut out of the market. So they will only buy so many American Boeing's. They have to buy so many Airbuses, because otherwise it'll become a Boeing monopoly, and they'll set the price higher.

That is another example of how the market dictated not the product, not the reality of the technology, but of the politics the market dictated. We could have given an ExIm bank subsidy for Boeing. All that would have done was the Airbus would have gone down lower as well. Then they would have said; you don't have to pay us next year, you can delay several years. So they would have given a multi-year delay. Then we would have said five years. Eventually nobody would have ever paid a penny for any of it. So at some point, somebody has to stop. All sides in these global competitions must understand what their interests are and when they have to stop so that they don't lose out completely. Everyone did this except the Americans. That's why we don't have Lucent Technologies today. That's why we're telling everybody don't buy Huawei 5G. We are going to start trying to make it again. I believe that is actually the case. So maybe the reality is that we are beginning to wake up and realize that these kinds of “all or nothing” don't work. And everybody's got to have a piece of it. So they don't have monopolies.

Q: Okay, so now you've just described two very large sectors. Where there other smaller sectors that were beginning to come in, in particular, sectors that also then would have future contracts with service, with vertical integration of products and all sorts of things like that, as markets and companies begin to change to better satisfy customer needs.

KESTENBAUM: Yes. And the biggest focus was IPR, intellectual property rights, with all the new technologies coming out from 1990 to year 2000. Everything came out; cell phones, laptops, internet, Facebook, everything. That 1990 to 2000 period was really a unique technological innovation period where everything changed, where ten years earlier, you'd have to make a phone call by dialing an operator and waiting for them to

make a connection. Ten years later, we are Zooming and talking visually. Recording everything. This new scope and range of technologies and how it changes our lives was really very, very significant in that regard.

Especially for me in that period, from '91 until '97, which was really the period of transition where the UAE became a serious global player in the IPR world. To the point where saying to them, hey, guys, if you really want to be a serious player, like you are with Huawei and Lucent, then you've got to start playing by the global rules. At least to the minimum extent necessary or essential to do so. You can't just copy every Disney movie, because Disney sells them ten dollars a disc and you're selling them at a dollar ninety-five a disk. You have to realize that at some point, it doesn't keep working that way, it won't sell in your market. The UAE became much more of a serious global player, including the creation of things like the airlines and public investment funds. They created the global free zone in Jebel Ali, and the tallest building in the world, the World Trade Tower, and massive resorts on the creek. Everything they were doing in the 90s was now intended to become as legitimate, legal, structured as they possibly could. They were doing a very good job of it because they had memory of their recent poverty from 1969-1970 onwards. Sheikh Rashid took over in 1969 to 1971 when the UAE was formed. The things that they were doing in the 70s became visible and structured and facilitated the vast expansions that were engaged in the 80s and 90s.

My role being in charge of the UAE was from '91 to '97 because I was regional director for part of that time as well at the Embassy in Abu Dhabi. I was in charge of the UAE and the Embassy staff who were there. I really did that for basically a good six year period non-stop. We engaged and enforced sanctions, and when appropriate, we encouraged and enabled people to evade them. This was especially true when the cost of evading them is higher than if we succeeded in enforcing. The watermelons being an example where us cutting them off wouldn't have hurt, I mean, so they would have gotten watermelons somewhere else, but then the millions of dollars they're paying to smuggle watermelons across the border was something we wanted to actually allow, maybe even encourage if possible.

Q: You're right across the Arabian Gulf. From Iran, are there other major examples that you were aware of at that time of evasion of the sanctions?

KESTENBAUM: Oh, perfect. You're really good, Mark. Because that's exactly the right question to ask. And the answer is absolutely, absolutely. Now let's take an example of the real world that we haven't even mentioned yet.

End of Soviet Union and the creation of new Russia meant an end for the sanctions that we imposed on the Soviet Union in the 80s and early 90s. How did the Soviet Union evade U.S. sanctions for so long? Dubai. Two ways, one was ships, the other was airplanes. You have to appreciate that one of the reasons why Emirates and Dubai airport and Sharjah airport became so big, and so globally powerful and so important in such a short period of time only a few years was because much of the sanctions busting trade that went on against the Soviet Union and ultimately, finally, later Russia was engaged through Dubai and Sharjah.

Q: Interesting. Okay.

KESTENBAUM: There was one period of time in the early 90s, when we were imposing serious sanctions on Russia. I believe there was a period, now you have to look at the dates when Russia was actually involved in Afghanistan. I'm sure it was in the 80s. Late 80s.

Q: They left in '89. But they constantly battled local militias, the Taliban, others that we financed with Pakistan. And eventually, they decided it was too expensive to stay in terms of casualties and money and so on.

KESTENBAUM: It was '89 when they eventually give up. Sorry. So during that 80s period, you have vast sanctions busting going on for the Soviet Union, in the UAE, through Dubai and Sharjah. They had at one point eight Aeroflot cargo flights a day. Every day coming mostly empty and returning full.

Q: Aeroflot.

KESTENBAUM: Aeroflot. The idea is that Aeroflot, at one point was flying anywhere from five to eight major full sized cargo airplanes a day, to carry cargo, both in and out of Russia, Soviet Union, depending on what they were exporting and what they were importing. They were being blocked from importing. They were sneaking out as exports items we weren't supposedly allowing our companies or firms to engage and buy. That's an example of how, all during the 80s, we engaged in vast international sanctions enforcement, and equally sanctions busting in the UAE. I first went there in '81. I was in charge from '79 onwards, but in '81, I went to live there for five years. I was there responsible for the enforcement of sanctions primarily on Iran, but also as it began later on, in the mid 80s, sanctions against Russia. You had Dubai at one point, I remember asking a Regional Director for one of the major American companies about how much their regional trade was going to which markets and it turns out that 75 percent of all the cargo that they shipped to the Middle East region, all coming into Dubai, goes out again

from Dubai. Most of it ends up being sanctions busting for Iran and Russia. The vast majority of goods coming in and out of Dubai and Sharjah, the regional commercial hubs, ended up being smuggled somewhere else. And in many cases, it wasn't actually smuggled. d done with proper banking and finance and declarations and taxes and so forth. The idea is, how much of those rolls of film that came into Dubai went out again, and where'd they go? Well, obviously, the people in Dubai wouldn't let us know. The American companies would try to hide as much of it as they could, and try to present as much legitimacy as they could because that was obviously in their interest to do so. They wanted us to say, oh, yeah, you're selling it to Malawi, or Chad. Eight-hundred rolls of that eight million rolls, eight hundred of them are going to Chad great. But the reality is that of those eight million rolls probably a million were heading for the Soviet Union.

Q: Now, let me ask you a question. Since you were aware this was going on? To what extent did you make Washington aware? Or the other executive branches that might be following this, like Treasury or FBI? To what extent do you think Washington knew this and did it respond?

KESTENBAUM: They knew 100 percent. We reported it, most of the time, we reported it unclassified, everybody could read it. But in some cases, I would have to write a confidential or even a secret cable saying, we know that so many rolls of film left Dubai, and are on their way to Soviet Union, and they were put on an Aeroflot, and so forth. The most egregious, of course, was Dubai, the Royal Family using its private jet, its diplomatic jet to transport precursor chemicals for the production of heroin in Pakistan and Afghanistan, in the early 80s. We only discovered that when the U.S. Embassy in Pakistan staked out a smuggling operation with the Pakistani military. They discovered that the airplane that was bringing in the anhydrous sulfide, which was the precursor for heroin manufacture, of turning opium into heroin. The cargo plane bringing it in was a royal family, diplomatic airplane from Dubai, and they couldn't stop it, and they couldn't seize it. So they just forced them eventually to turn around and go back. And they obviously had to ship it in on a boat instead. Then we had to go to the ruling family, and it was very sensitive stuff. Talk about diplomacy. That's one of the rare examples where the American Ambassador said, I'm in charge here, get out of the way. And we had to go see the ruler's office and say, look, there's a certain unacceptable level of engagement in these processes, and we understand what's going on, and that we're not going to be able to stop the entire heroin trade or opium trade. Remember, America is the biggest market, and it's all demand driven. So one way or another, it's gonna get in and get out and it's all gonna happen. But you can't use your royal flight and diplomatic passports to do it with, it's got to be a little bit more off the beaten path and out of the vision of our embassy officers, for example. Again, another example, I don't know that the U.S. Embassy or government ever really paid much attention to the alternative routes that were used

because the industry is what it is. And you want to talk about the deep state and the deep dark state. And the reality is that when the ruling family of Dubai is using its airplanes and the ruling family of Afghanistan is the ones providing the opium and the ruling family of Washington DC are the ones that are consuming it. Then you have to realize that there is very much a deep dark state. That is my experience learning how drug trafficking worked in places like Morocco and Beirut. We talked about the experiences that I'd had prior to my experience in government. So, knowing what I knew of having seen all those places in the world and how the system works it was not a surprise at all to me to understand how the system was working in Dubai. How all these cargoes were going to all the places around the world. Watermelons to Iran and film to Russia, and everything else to the world. Hopefully not anhydrous sulfide to the Afghanis.

Q: One other sector. I don't mean to interrupt you too much. I realized there are plenty of sectors where they're smuggling and illegal activity. Usually, U.S. exports in medical technology and medical innovations tend to be top of the market. Were we beginning to increase exports in that sector?

KESTENBAUM: Oh, absolutely. Not just exports. But again, we actually took an amazing part in participating in the global economy. That was very unique. I say that the experiences I had there were quite unique in that regard. Johns Hopkins came to Abu Dhabi in the early 90s. In fact, Abu Dhabi came to them. I remember talking about it with Ambassador Otaiba in Washington. NYU went to Abu Dhabi and said, we want to set up a campus. Johns Hopkins said we want to establish a hospital, a children's hospital. So Abu Dhabi, in particular, became truly a center for U.S. health industry, and operations there. They use their sovereign wealth funds to invest in American manufacturing companies in the healthcare sector. One of the biggest global investors in the American healthcare sector today is Abu Dhabi sovereign wealth funds. For sure. Johns Hopkins is a great example of how we invested and we delivered medical care to the people there who needed the hospitals. I think that was pretty cool.

Q: Wow. Okay. Very, very interesting. You mentioned so many U.S. headquarters. From Dubai, were there lots of jumping off points for U.S. companies that now that the Soviet Union had collapsed, seeking opportunities in the former Soviet space?

KESTENBAUM: Absolutely. The whole point of having a US govt. regional headquarters in that central location was to supervise and direct the American companies participation, whether it be sales, investment, manufacturing, or all the above, in developing global markets. High value of being in that regional headquarters and that global market where people were flying from London to Tokyo via Dubai, or New York to Hong Kong via Dubai. The first reason they were just stopping in Dubai was because

the regional headquarters were there. They were able to then engage in all range of regional business activities with development, conferences, seminars, interaction with potential investors. A lot of the finance was needed if all the trade is going on. All the planes are flying in and out, and all the cargo was there. That's where all the banks and the finance groups are based. From the legal ones and the gray markets to the black market. There's a lot of gray market in the financial world. Look at the Caribbean. Who was financing the Dubai royal anhydrosulfite flight? That's called a gray market. Because there was some legality, but you certainly couldn't say that selling chemical for heroin is a legitimate business enterprise. All the above and very much so engaged in that range of activities.

Q: Now you had mentioned the fact that you had local employees, to what extent were they valuable in advancing all the things you were doing there?

KESTENBAUM: That's really important. Another great point, and I'm glad you returned back to that because that is really the core of what makes the Foreign Commercial Service really uniquely valuable. Underline the word unique, as well as valuable. Really, really, unique. It's because of the network of local employees that we have. Now, interestingly, in many countries, the government requires you to employ citizens of that country. I can tell you that every person we employed in India was an Indian. However, in some markets, particularly in places like the Middle East, Saudi Arabia, and UAE, we had no local employees, we had no locals who could be employed, there was nobody qualified. And in some cases, there was nobody who simply wanted to do that work, or would work for that salary.

Q: Yeah.

KESTENBAUM: In our embassy in Saudi Arabia, we had a major office in Riyadh, sub units in Dhahran and Jeddah with each led by an American. Three American officers, one in each and potentially more Americans in Riyadh. Let's say each had an average of ten local employees. Of those ten local employees, there would be a couple of Palestinians, there would be a couple of Egyptians, there would be potentially some Lebanese and maybe some other third country nationals, Indians, Pakistanis. Being in the Middle East, you had to be able to speak Arabic. So any third country person that you brought in would first of all have to be multilingual because they'd have to speak both good English and good Arabic. And in most cases, they had other languages as well, whether it was their tribal languages, or their native speaking. Some also even had other languages; they had learned Farsi, or French or Spanish, wherever they had been in the world.

Remember, what is really important is understanding how we found these people. Early on in 1981, when we created the Commercial Service, we just had to absorb whoever was locally employed in the commercial section at the time. There was a staff at every embassy that we took over. In many cases, those staff were doing a great job and were immediately turned around and became crucial in the new commercial service efforts and world that we're creating. In some cases, they were not up to the standard, and ultimately, let go or fired. Then we had the great opportunity of expanding hiring new people to replace the ones that ultimately were retiring or left or didn't want to continue working with us. Or just new people as we expanded. In '81 when I arrived in Abu Dhabi, I had two local employees and a secretary. We expanded the budget and I added a third and a fourth. So I ended up within two years, I had four local employees, and each one had been given a set of sectors and areas. In circumstances like that, where we were able to bring in third country nationals or third world people. The opportunity to engage special skills of people who had already done the work and who had worked for a big local company or worked for the government, or had been a senior executive at an American corporation, and wanted for whatever reason to go into the U.S. government work. Primarily for those third world country people was the security of the work of having an American job, American government embassy job, because then suddenly, you couldn't be kicked out, you couldn't be fired, your visa couldn't be taken away, unless you did something really egregiously wrong. So all of a sudden, you had a power and a presence as a third country person who had never had it before. In most of the countries we're talking about, there was a very clear and rigid hierarchy of social authority and power very much like the caste system in India, or the class systems in some of the countries that we've been in. I talked to a guy who was a billionaire, and he was from Bangladesh, and he said, I own a bank. I have a billion dollars, but they won't even talk to me here in Saudi Arabia, because I'm from Bangladesh. I'm not a banker from London, or Singapore, they don't want to talk to me. So what do you do? He says, Well, I'll go somewhere else. I don't care. I don't need them. They need me, more than I need them. I got a billion dollars and I'm already in Hong Kong, or wherever. So very definitely there is that sense of incredible opportunity to engage local employees who have access. I think one of the better examples of that - the good and the bad - was Baghdad during the Iraq-Iran war and under Saddam Hussein. Because I had been identified before arrival as a Jewish/Israeli spy, the only person that they could trust to be in my presence was somebody so high up into the ruling family, that they (he or she) couldn't be considered at risk or a threat. I had Yvette Aziz, the Prime Minister's niece as my secretary, and Khaled, a colonel in the Iraqi intelligence, was my senior local commercial office employee.

Q: Wow. Okay.

KESTENBAUM: I mean, how much more extreme than having the Prime Minister's niece and a senior colonel in Iraqi intelligence as my staff. I mean, trying to get Khaled to do anything commercial was really almost impossible. But at the same time, in that situation, there wasn't really much high priority for commercial work. What there was, was done by government entities, as we told that story about the trade show where they were giving out the wheat, and the people rioted, and we had to close it down. Some of the consequences of those circumstances are quite amazing, in fact, but anyway, the bottom line of that subject is the local employees were really, really, as I say, life and death critical to us being successful or not. It is really worth emphasizing that this is not the way the State Department works. That is not how our Foreign Service has grown up over a hundred years. It is not what has benefited the other agencies of government as much as it has benefited our commercial interests in giving us expertise and access that just simply nobody else in the Embassy has except one area, perhaps and that's the military. Because of the defense interaction and serving together, driving the tanks together, teaching them how to fly F-16s, or whatever it is, they're supposed to be flying, that kind of depth of structural interaction. I think the term is operational interaction and is so real, so personal, and can become very established. The people that we engaged militarily, as sergeants, eventually become captains, majors, colonels, generals, and sheikhs. That kind of military relationship did and does have a longer term and a more personal engagement aspect to its profile, than the political section or the economic section.

Q: Let me ask since you mentioned how vital the local employees are. Is there an example you can think of where they really greased the skids or were helping closing on something?

KESTENBAUM: Loads of examples of that. Yes, sure. I told a story about the Saudis, right? Me going to see the head of An Aramco subsidiary, in the hydrocarbon manufacturing element. Henry Kissinger had gotten to the U.S. Ambassador and said, we need help. The Ambassador had come to me, and I told you this story about how I had gone to see the head of Aramco and told him to go to hell. But the part of the story that I didn't actually get to, was that I had an employee, Khalid, and he was my guy in the hydrocarbon and energy sector. Khalid was originally from Pakistan. But he had been in Saudi for twenty-five years and he was an expert in the hydrocarbon area, and he knew everybody there. So when the time came for me to make this appointment to go see the President of Aramco subsidiary in charge of the chemical industries. I brought in Khalid and said, here's what's going on. Here's the situation. Here's what we got to do. Who do we go see and why do we tell him? At which point to be very candid and honest with you. I hate to admit this, but it was Khalid who came up with the idea to tell him to go to hell and threaten them with the king. Khalid said, that's the only thing that I know that

will generate immediate instant attention and the kind of action you're looking for. Otherwise, they'll do everything they can to delay and obfuscate, because every day of delay means more money in their bank account and less into the Americans. We formed the strategy of what to do and how to do it. Then Khaled called because he knew the minister, the president of SABIC. It was Saudi Arabian Basic Industries Corporation called SABIC. It was the president of Saudi Arabian Basic Industries corporation that was responsible for the negotiation with the U.S. company on this big hydrocarbon petrochemical complex. So Khalid is the one who said, I'll call him and make the appointment, and then we'll go over. And when we went, Khalid sat there silent, he never said a word. I went in, I was the man, I was the American. The Saudi spoke perfect English. He engaged me while Khalid sat there and watched the whole thing. When we came out, Khalid gave me a big hug. And I gave him a big hug and said, looks like we might have made it here. And he said, Well, let's wait and see what happens. And then two weeks later, the award was made, and the contract comes through. So I certainly told Khalid that we had succeeded, and our strategy of what to do and how to do it had come through. So that was indeed very much an engage the local employee in a way that I could not have done myself. Nobody else in the embassy could ever have done anything like that, except maybe the defense attache in working with some contract for a rocket launcher or a radar system or whatever they were trying to get. Because that military is very different. They don't have the same perspective or constraints that everybody else does, especially in the commercial world.

Q: Yeah. Now, also during this period, given how much and how varied the work was, did the FCS recognize you with an award?

KESTENBAUM: Oh, yeah, I got promoted. Look at it this way. Half the time, I should have been fired for being too aggressive and too challenging. A bit of an angry man not willing to take no for an answer because that's not how the market works. That's not what my job was about. That's not what I was there for. We were there to see results, whatever we had to do, and as long as it wasn't so illegal, little edges here and there. But as long as it wasn't over the edge of an ethics cliff, shall we say? That's what we had to do because that's how the market operated and worked. And we were looking for results. So again, repeating, don't ask for permission, ask for forgiveness.

And so again, the example of where we had the country team meeting in Indonesia, and CIA chief says, You can't go tell the Indonesians that, sorry. And we had to find a way to get it done outside the system. And we did. And I got a plaque from McDonnell Douglas, which says thank you, you made it. I can't tell you, any Ambassador in those days who has ever gotten a plaque from anybody telling them they made a difference on how many millions of dollars and jobs they created for an American company. But if you got one,

show me. And if you got more than one, I'll see the second or the third. But I got more than one plaque like that. I got a plaque that was put in my hand by the pharmaceutical industry of America at 9:00 AM on September 11, 2001, in the Marriott Hotel in Washington, DC. And the reason I was given this award as Man of the Year in the world, for the pharmaceutical industry was because I had managed to convince the Saudis to stop counterfeiting Viagra for Pfizer.

Q: Holy Cow! Wow. That's amazing. How did you do that? That's a very interesting story.

KESTENBAUM: Oh, yeah. That's a little later on. That's the 2000 period. The bottom line of it is we went to them and said, Hey, you can't keep doing this. They said, Yeah, but the reality is that the American company is at fault because we wanted to manufacture it and they wouldn't let us. We have a factory and we want to make it, and we got to make something. The American company said they're making it in Spain, and this is part of the Spanish market. Saudi Arabia is not part of the Spanish market. So if you want to do something smart, Charlie, you go back to the American company and smarten him up and tell him that they can sell everything they want in Spain, to Spain or to Europe, but not to Saudi Arabia. And we did. Eventually, Pfizer said, okay, okay. They came back and renegotiated with the Saudis. They negotiated a very lucrative, very lucrative, manufacturing contract. At that point, the pharmaceutical industry said, Well, who did something this year and the foreign service that is worthy of our time and attention, and Pfizer said, Oh, ____ is in Saudi Arabia today, or something to that effect?

Q: Okay, but that is getting a little bit ahead. That's fine. Let's go ahead and continue as far as you want to go in this tour in Abu Dhabi, if there are other examples that you want to present.

KESTENBAUM: The main ones were the big market opportunities. As we said about the airlines, that was big. I mean, going from thirty to a hundred airplanes, and they're all brand new, they're all market price, and the hundred will become a hundred fifty and two hundred. So we didn't spend much time and effort trying to sell to Bahrain airways, because there is one, but they don't have many planes, because they don't have the money. The same was true with Kuwait air, although the only big thing we really say was Kuwait was in '91 to '94 after the liberation of Kuwait and they had to rebuild the Kuwait air. Qatar Airways has been a good market for us there as well. So aviation has always been a major player for the last twenty-five fifty years in the Middle East region. Then you have your major industries, your telecommunications, because they don't make anything themselves there. It's all brought in, and they want to be leading, state of the art. So they went from dial phones to WiFi and 5G, they skipped all the switch gears and all the other stuff in between.

When you're in a market that wants to be at the cutting edge and has the money and decision authority to do it, that's really where you focus your time and your energy, where you can make a difference, especially in areas that you're facing global manufacturing and technology competition, and in particular, working in the Emirates, in the region where they had not had effective intellectual property protection, IPR protection, because they didn't have any laws at all in the 60s, 70s, or even 80s. So to suddenly spend a good period of years working with these institutions, the ministers of commerce, intellectual property stuff, patents and trademark offices, Chambers of Commerce. I mean, there's a whole set of institutions, governmental and social institutions that are involved in those kinds of areas that need to all be brought in and buy into something so that no one of them just says, no, no, we don't want that and try to stop it from happening. We have a senator who's not letting our military promote people today, because he doesn't want them to be able to have abortions. So when you have one person who can do something to that extent, and have such an incredible extensive impact is very unusual. But in the Middle East, where you have such tribal hierarchies, and such narrow decisions, layers, or circles of people who actually have an authority to make a decision, you then have the opportunity to make things go much quicker. And as we say we've given examples, cut it in half and or sorry, but our interests demand that we say no, or yes. Those are all realities that the markets impose to some extent on us that we have to adjust to successfully.

Q: Absolutely. Now, did your family come with you and was the support from foreign commercial service and State Department adequate?

KESTENBAUM: Oh, yeah, absolutely. Yes to everything, not initially. As you remember the story about when I first arrived in Abu Dhabi in 1981, and I went to the house that was provided for me, and it took me a year before I realized that all the furniture in it, not only was not new, but was all leftover furniture that had been in the warehouse. I didn't know any better because I hadn't been to the other guys' houses, and I hadn't seen the budget. And it was only when I realized that all the money that Washington had sent for furniture hadn't actually gotten to the new furniture for me, but to new furniture for the deputy Ambassador and the operations chief, then it was, uh oh this isn't working very well.

Q: Yeah.

KESTENBAUM: If you don't think that that gave access, and credibility and some degree of authority that others didn't have, and should have wanted, and did in some cases. I'm not the only parent who ever coached the team. Come on. I mean, but the point is that I did it purposefully. Part of my sense of my presence, there was not just in the

office, it was twenty-four seven. I never stopped work. So that was kind of the idea of being there of third country and third parties. It was very cool. I talked about being in the soccer game in Saudi Arabia with my daughter, twelve year old daughter or fourteen year old, little cute blonde girl with a dress, and all the men with their red headdresses around us and everybody on TV watching and saying, Who's that little cute little girl? And one more story. I will get to this in the next time around more, but I don't know if I said this to you. But I'm the only man in the history of Saudi Arabia who was known by his wife.

Q: Oh, no, this is a new one.

KESTENBAUM: So how do we manage to establish ourselves and to engage in fitting into the embassies, especially with our families? So when I first arrived, I didn't have a family, I was alone. But obviously I got married, I had kids and my family became-- hopefully this is something that others also have positive approaches to others being State and other agencies. But I always looked at my family, as access channels to the market, to the local people to the society, that everything and anything that my family could participate in was an opportunity for me to access the markets and the people and the systems in ways that weren't directly political, or seen as such.

For example, I coached in 1994 - 1997. My two daughters were there. My little one was a baby, but my older daughter was in sixth or seventh grade. And she was at the American International School and she played soccer. She had originally played in Indonesia, where she was the only girl who played on the boys soccer team in second grade. But she went to American International School in Abu Dhabi. So I decided I would help. I went over to see and I volunteered to be a coach of the girls high school soccer team in Abu Dhabi, at AIS, American International School. So my daughter played on the team. That gave me access to a whole range of people in this society that I would not have had such quick and easy access to and something that was shared of interest of common appreciation, which was, not only did we all like soccer, but we were all there because of our kids. All of a sudden, I'm interacting with parents of my daughter's schoolmates, and some of them are people in the government. Some of them are Sheikhs. Some of them are business executives, and some of them are American executives. So that access all of a sudden opened up numerous doors to me, and gave me knowledge, a presence of reputation in the marketplace, in the community, that nobody else would have had. That would have taken me years to get that much access, but in a matter of a week or two, a few months, there I am with twenty girls, and therefore twenty fathers and twenty mothers. Again, remember it's an international school, so some of them were not American, some of them were third countries, and some of them were UAE people sending the kids there because they wanted them to have an American education. That degree of credibility and access, I talked about it earlier in Dubai in 1981 when I went there, and then Ali said I scored the

goal against you, and remember that story. Soccer opened up doors, I was the most famous, popular, well known American diplomat in the entire Middle East and I hadn't been there a month.

At least until recently, but in the old days, women didn't exist, you couldn't see them. You couldn't interact with them. You would go to somebody's house, you wouldn't even be in the room, it would only be men in the room. And if you told somebody about somebody's wife, he'd have to kill you. So women didn't exist, officially. Now, we did have some women in our embassy as political officers, commercial officers. The Saudis had to put up with it as much as they had to. But how did my wife become so famous?

I would walk into any Sheikh's office, any business office. I would say Hi, I'm Charlie Kestenbaum from the American Embassy. The first thing a guy would say is, Kestenbaum? From the American Embassy, are you related to Heidi? I would say, yes, that's my wife. What was Heidi doing? Heidi was a famous belly dancer, Heidi had grown up in California and in the Foreign Service all around the world. So she knew every culture, she knew languages, but most important is that she was an incredible professional dancer. She had a California School of the Arts, Cal Arts, a BA in dance from Cal Arts. She had, of course, lived in the Middle East a lot. And she had learned belly dancing. So she had a unique situation where because she was an American diplomat, she had a black diplomatic passport. She had an American Embassy vehicle, which could go anywhere, and couldn't be stopped or searched. So everybody who wanted a belly dancer at their wedding, or their birthday, or whatever party they were having, mostly weddings, they would have to have some woman dance. Where would you get belly dancers? Well, you could fly one in from Lebanon, if you could afford it. Or you could call for Heidi. As soon as the word got out that Heidi was available and that if you had a wedding party on a Friday night at 2 am, and wanted somebody to come and dance and you didn't worry about the religious police the mutawa with the big beards coming and busting up your wedding. Because they do that. The center of their whole existence was to make life miserable for everybody, especially women. The idea being that if you didn't want these religious police to come and ruin your wedding, you bring Heidi because they couldn't arrest her. She was cheap, because you didn't have to fly her in on a private airplane or pay for hotel rooms. In fact, Heidi would often dance for free, just because she loved dancing and wanted to get out in the community. Or she worked for a hundred and fifty or three hundred dollars. And people would laugh, say, my hotel ticket costs more than that. Best of all, Heidi is gorgeous, an incredibly sexy, beautiful, artistic dancer. Heidi took New Age art, and put it into classic dance. Today she's doing Tai Chi and Qigong and martial arts and meditative dancing. She had this new age, sexiness to it, which was not the traditional belly dance. So the fact is, believe it or not, and I'm not exaggerating, I have videos, lots of videos of her. I went to see her. I mean,

believe me, I took a camera with me to some of these wedding parties. Heidi actually was as good as or better in some ways than the most famous belly dancers. Nagwa Fouad, Fifi Abdou, Mona Zaki, oh my God! Mona Zaki the great Egyptian. I mean, I used to go in the 70s. I used to watch Mona Zaki dance out at the pyramids.

When I tell you that Heidi was as good as Mona Zaki or Fifi Abdou, oh my God! The point of the story is simply that everything we can do in Foreign Service has a potential for things you've never would have thought of. Almost anything as creative as you want to be, has potential of some specific value. In the case of Heidi belly dancing, everybody knew who I was, and wanted to meet me, because I was the guy who was married to the belly dancer they had watched last month.

Anyway, that kind of situation. So here you have seedless watermelon going across the Kurdish mountains to the Iranians, you had American belly dancers dancing for the ruling family at 3 am in the palace. I mean, and these are all commercial diplomacy aspects that we engage in. Also hopefully, all my colleagues and maybe some of the other agencies are following similar efforts to engage in those ways too. There is the Foreign Agriculture Service and there are attachés in many embassies, where there's somebody who's doing nothing but basically trying to sell American foods. And so they have like me but an even more narrow targeted environment, a specific profile. They have a number of American firms to support priorities for events, activities, competitors, market access, market opportunities, and the whole market profile. And you are putting a business plan together. What are we going to do over the next year? And what are our priorities? And how are we going to make it work? And so other agencies have begun operating in similar ways. There are still a half a dozen primary Foreign Affairs agencies. But the ones that are in the kind of engagement world, education, health, agriculture, commerce, they have fairly specific, narrow priorities. They are not really primarily political day to day objectives.

Q: Sure, okay, if this wraps up the activities and the stories you want to tell from this period in Abu Dhabi, we can pause here, and then pick up the story with your next tour. But I don't want to stop you if there are other aspects that you wanted to mention.

KESTENBAUM: No, that's good. I just want to repeat this for summary wise. The idea being that we did so many things differently than normal, that everything was outside the box. There is really no box, if you can sell watermelons to the Persians. Then you can enforce sanctions on the Russians. You can engage in competing for sale of power stations, telecommunications, or anything else. So our focus was, as we started this thing, saying it was very contradictory because on the one hand, we were trying to promote American exports and trade and business and jobs, and competitiveness. And on the other hand, we were charged with enforcing rules and regulations, engaged sanctions and

blocking things from people that shouldn't be getting them. Unfortunately, in that part of the world, there was as much of one as the other. So there were many countries and people that we were trying to block, whether it was former Soviet Union, or the Iranians, or Afghanistan and al Qaeda, or drug traffickers in Pakistan. So there was a very, very unique, contradictory and very broad concept of what our objectives in our market was, and how we were to achieve it. And so we have lots of wonderful stories as to how that was actually implemented and we have a few more to come in the next session.

Q: Okay, great. All right. Then I will pause it here.

***

Q: Okay, today is August 1, 2023, we're resuming our interview with Charles Kestenbaum. Charles, you completed the tour in Abu Dhabi in what year?

KESTENBAUM: In summer of 1997.

Q: All right, so what happens next?

KESTENBAUM: My next assignment was an interesting challenging one. It was a truly global one, based in Washington. I was assigned as the Senior Commercial Officer in the office of the U.S. Executive Director of the World Bank, which is on Eighteenth Street, in Washington, DC, right off of Pennsylvania Avenue. It's just a couple blocks down from the White House. I was the commercial counselor. My job was to do exactly what I had been doing previously at various embassies, which was to try and support and engage American companies competitively, in winning, and in successfully completing contracts in business with the World Bank. Of course, none of it was in the U.S. itself, except in Washington, DC. All the work that the World Bank does, is overseas, and is primarily where the better off countries, the more economically healthier countries financially, are trying to help the poor countries to engage in economic growth and development.

Its profile, and its mission are very clear and very admirable. It really has extraordinary potential to influence the global financial, commercial, and industrial world in really important ways. It is a partner in that concept with the International Monetary Fund, the IMF. The World Bank is primarily focused not on the finance and the dollar values, but rather on market development. Sectors, helping develop infrastructure, roadworks, bridges, clean water, and electricity systems for villages and cities that don't have electricity. For the really basic core elemental growth and development opportunities around the world. The idea being that the World Bank is such an incredibly powerful entity that represents literally every country. And so every country has at least some voice

within the World Bank in its decision making process. The concept is that everybody, of course, will buy into it, cooperate fully, and appreciate it fully, what those opportunities are, and engage them most effectively in the national economic development.

Now, having said that, my biggest problem with the World Bank, if we can go there, in American diplomacy terms, it's too big. It's too macro. It's not micro enough. So when we say macro, we mean entire sectors. So macro economics, you talk about the entire agriculture sector of a country or region, you talk about the entire sector for aviation, that's macro economics. Micro economics is individual farms, individual airports, and individual airlines. So helping developing countries establish their airlines, helping them buy the airplanes, and helping them service them was priority. Set up operations and management, helping them especially keeping them flying by training engineers and pilots and all the things that go into a major sector of infrastructure.

The World Bank was more focused on the major areas of infrastructure of the broader economy on a macro economic scale. That's of course, where the State Department and the Treasury are most engaged and interested as well, because it's the big picture. It's where the American companies always fail and lose in the last fifty years because our macro thing sounds good, but it doesn't really impact as much as micro, an actual specific contract. So we can say yes, we're going to help them develop the airline, but are they going to buy Airbuses or Boeings? And are we going to fund using U.S. dollars and U.S. aid money to help the World Bank finance Airbuses for the developing countries and put Boeing out of business? We want to help Boeing put Airbus out of business. I mean, why should they get the contracts? They are our competitors. On competition, it's win or lose and winning and losing can be literally life or death. That's when we talked about what Huawei did to Lucent in our previous discussion. In Abu Dhabi in 1995- '96, stole the contract, stole the technology, subsidize the contract, the market, and bought their way in and pushed the American company out. So the idea is that by being on a macro economic scale, we can help countries to develop, but that doesn't necessarily mean American companies are engaged in providing that help. And if we're using the American aid money, and our American dollars, and our American part of that position in the global marketplace, and the end result is helping our competitors put our companies out of business, I'd have to say that that's a pretty damn stupid and self-defeating set of policies.

Yet, that is exactly what we followed at the State Department and at the World Bank for many years, because we wanted to be above this small, private, get your hands dirty commercial ventures making profits and making money. We're not in the World Bank to make profits. We're in the World Bank to help countries develop and to create jobs, economic growth and opportunity, and to have a real impact on a macro economic scale that the country can't do for itself. Or they wouldn't be needing the World Bank in the

first place. I mean, nobody needed the World Bank to help set up Emirates Airlines. All right, Dubai did it on their own. Thank you. Or Etihad airlines, which Abu Dhabi did, because they had plenty of money. They just bought everything they needed. That story, I told about how Emirates when the Airbus flew the first A380 it was flying Singapore Airlines colors. But the next thirty, all went to Emirates because Emirates wanted to control the market, but they didn't want to take the risk of having the first one crash with their name on it. So they were willing to let somebody else take the lead, take the risk, and then crush them out of business. The head of Singapore Airlines actually told me that. He said that it was terrible, what they did, but that's business. That's what you do, you put your competitors out of business, if you can. That also happens in the World Bank projects. My problem with working in the World Bank therefore as a Commercial Officer, as a commerce person was, that it was 180 degrees doing the wrong things in the wrong way. It was a macro economic helper that was helping our competitors, and helping corruption. But not helping American companies to do the best for the companies and for the country. When I say corruption I've never been anywhere more corrupt than the World Bank headquarters. By its very structure and nature. It's organized and structured to conceal what it does from the world and from the public, especially the public media, everything is done behind closed walls, and closed doors. And it's kept very secret for various national interests. We used to have a terrible saying, poverty alleviation, which is what the World Bank is all about, begins on seventeenth street and ends on nineteenth street in Washington, because those are the boundaries of the World Bank headquarters. Unfortunately, unlike America, we would send people like me or my predecessors or my successors, whose concept of their job was to help developing countries develop, not to help steal money from everybody else, and cheat on behalf of American firms, but help American firms to compete fairly, to compete openly, in a real world competition. This was supposed to have rules that are managed and implemented. Otherwise, the whole system breaks down and inefficiencies become failures. Efficiencies also become failures.

Q: Let me ask a general question since you're describing the overall work of the World Bank. One thing is, up until now, the World Bank President has always been an American. But in trying to justify to Congress let's say why we put money into the World Bank. What I've often heard is yes, we are providing some money for creating infrastructure projects in poor countries and other sorts of things that can raise their level of GDP, but we're doing it because we want them to become customers. Was that a sense of what you got while you were there?

KESTENBAUM: No, no, the word customer never was heard in my time there, never. We were not interested in making them customers, we were interested in making them partners, in growing their economies, so that they could become markets. I guess,

customers is a bad term, markets is a better term, because they're not just buying stuff they want to manufacture, they want to make it and sell it back to us as well. They want to become places for American companies to invest in global markets too. America remember, is an investor, not just sales money coming in. But all the money going out was to help create industries and economies that would then become more efficient and better markets, more for American companies to sell to and to invest in.

As we talked about, by the way, at the end of the apartheid in the 1995 period, in South Africa, American companies were interested since we had been isolating and boycotting them. There was no American investment. There was no American sales because we weren't willing to let them buy anything. So American companies went in and looked at it, like for example, Nike went in, and they wanted two markets right away. One was, how many shoes can we sell in the first year? Then the second is, how do we build a shoe manufacturing facility so that we can employ 1,000s of people and invest in our global markets. We know that they want to invest, and we are going to create strategic incentives, financial incentives for investors to come in there, whether it's the South African government, or the World Bank. The Bank was going to be a principal investor, and financier of most of these post apartheid developments, because South Africa didn't have the money. Where were they going to get all this money from? You need third parties for independence for safe security and safety of the investment and the money, because if all the money's coming out of China, nobody's gonna want to take the money in the first place. So it had to come from third parties that were neutral and independent, which is why the IMF and the World Bank are so important in these global economic development opportunities for places like Bangladesh, or Myanmar, and how to get them out of their poverty. They don't have a lot of money, and they don't have oil, but they have great opportunities for cheap labor, markets, and opportunity. So how do we get to those places? General Motors doesn't want to sell a car anywhere, they're certainly not going to put a factory in Myanmar, but somebody needs to. And so how do you do that? How do you get that stage to the developer of the desk desperately in need? That's where the World Bank and the IMF are primarily focused and the most important source, because they can take risks, they can address market issues and concerns that no other individual country can by their very nature. The degree of risk is way too high. Unless, of course, you're China with your Belt and Road in which you're not really looking at risk. You're just looking at taking over markets and stealing, ultimately stealing raw materials and so forth. But that's a different process entirely. What we're talking about is helping countries develop? How do we do that? And most of the countries that are developing do not want to take that risk alone, which is why these international organizations became so valuable and essential in that concept.

The problem was that, unfortunately, all the developing countries were inside internally, every country in the world, including all the corrupt ones, Russia, China, England, everybody was inside the World Bank. Every country, no matter how little they donated, or didn't donate, had a voice in the World Bank management. So why did the president of the World Bank have to be an American? Because we were the largest donor. The United States donates an average of 17 percent of the World Bank budget per year. That's our written signed treaty commitment to funding the World Bank. So while other countries pay money in too, nobody paid even half of what we're paying. When you consider you have a hundred and fifty countries, if each one could put in 1 percent, that's already 150 percent. If Americans put in 17 percent, then you only have to come up with 83 percent. Many of the countries were putting in less than 1 percent of the World Bank budget, or almost none in that regard. So our argument internally within the World Bank was that American companies should get at least 15 percent or 20 percent of the World Bank's business. Contracts that are awarded, and the procurement that's made was, if we're going to put in between 15 percent and 20 percent of the bank's funding, then we would like to see at least that amount or something close to that being awarded over the course of the year to American firms, suppliers and services. Otherwise, we're subsidizing other countries. Not only poor countries, but other rich countries like Germany. I mean, if Germany puts in 2 percent of the money of the World Bank and gets 10 percent of the funding of the contracts and awards, that's an imbalance, and unfair to the other donors. Remember what we're talking about is countries that are donating their taxpayers money, and therefore, they want to see at least some of that back to be able to tell their Congress, their parliament, that yeah, we put in two hundred million dollars to the World Bank last year, but we got two hundred fifty back for our companies and our products. We're benefiting, and it's the stupid Americans that are getting not two hundred fifty back of the two hundred they put in, because they are willing to subsidize some of us. America has a large voice and much control of the World Bank. And the reason they have that control is because we're willing to give it to them. And the reason we're willing to give it to them is because it's in our financial benefit to do so.

Q: Yeah. Can you give an example of while you were there of how the U.S. investment in the World Bank paid off? Was there a particular project or financial arrangement that helped demonstrate the value of the World Bank to Congress or even within the executive?

KESTENBAUM: Well, no and yes. No, we didn't get any contracts. And yes, we have lots of examples where we should have. For example, there was a contract in Malaysia, and it was an American company competing with the Chinese. The World Bank awarded it to the Chinese company, even though they were clearly technically inferior. When I went to investigate how this contract was awarded, of course, it wasn't a decision made

by the Malaysian government. It was made by the technical expert team inside the World Bank that manages the project awards and development. They have engineers, they have bankers and financiers, they have a whole team of specialists and experts whose job twenty-four seven is to do nothing but manage and supervise World Bank awarded and funded contracts. And in this specific case, the project manager was from a third country, not American. It became very clear to us from the American company and the information we were able to gather from the U.S. Embassy in the marketplace. The US commercial offices wanted to cooperate with us. We discovered that the project manager at the World Bank was getting a multimillion dollar bribe. We tried to take it up the ladder of the channel of command through the U.S. Executive Director of the World Bank, to the World Bank team. And, of course, everything was denied. We did not have adequate proof, hard copy of the actual funds transferred to his bank account in Switzerland. But we knew that it had happened. And it wasn't the first time, nor was it the last time. In fact, what I discovered was that sadly, almost every contract in the developing world was being awarded from inside the World Bank to people who are getting kickbacks and bribes.

Kickbacks and bribes were coming from two sources. One was the competing country. In the case where an American firm lost to a Chinese, it was the Chinese company or the Chinese government, or the Chinese representative inside the World Bank that was actually offering the bribe. They had multiple channels. In some cases, we actually knew of examples where my counterparts, the representative of the Chinese government, in the World Bank, or the representative of the British government in the World Bank, was actually paying the bribe or getting paid the bribe or involved in organizing the bribe itself. As well as the actual project manager, who again were all third world countries. You had an Indian who is a Harvard graduate, Ph.D, and he was employed by the World Bank as a technical expert. Of course, he was running contracts and he was supervising the technical project. Nobody could argue with him about it because he was Ph.D. He knew what he was talking about. But obviously, he was getting paid a lot of money because he was living out in McLean in a two million dollar house on 150,000 dollar a year salary. He's an Indian and he wasn't a rich Indian. He was an Indian who came here on a scholarship. So where did he get the money to buy a two million dollar house? Believe me, he was not alone. This was the infrastructure of the whole World Bank itself, and the IMF too, but much less so because the IMF did it on a different scale. They didn't actually award specific contracts where there were kickbacks available. It was all government to government. You had to be much more clever and subtle, and financially expert to get money out of the IMF. But the World Bank was easy, you just paid a bribe or multiple bribes, because believe me, the people inside the government of the recipient country of the project were all wanting to get bribes and paid too because that's how they worked.

Everybody, literally, everybody involved, from A to Z, everybody was getting some sort of bribe or kickback or pay off, except me and the American companies because we were carefully watching them, and we were regulating them. They had to live by a set of rules, global and domestic rules that other companies also had but didn't live by, or didn't have at all to worry about. China didn't worry about that. They didn't have any rules like that. But if they did, nobody paid attention anyway. Ultimately, and this is where I kind of kill myself here. But ultimately, I became the most hated man in the World Bank. Within a few months, within a year anyway, it became pretty obvious, wherever I went, people would literally leave the room, or walk out of the meeting, if they could get out of it, if they weren't actually holding the meeting themselves. They knew that I was there to pay attention and to watch and report on what was going on. If there was corruption, which everywhere there was because every one of them had a house in McLean for two million dollars, then they didn't want it exposed. My whole job was to expose it internally, at least, if not publicly, because we didn't want to embarrass the World Bank so much that we put itself out of business. What we wanted to do was work subtly and politically, sensitively, internally within the Bank, and with the host countries that were the recipients of these loans and grants and funds and projects. We wanted to say to them on the one hand, look, you're the recipient, and it's not your money, but it's your economy. It's your country, and it's your society. There's two things you have to pay attention to. One is, are you getting the right product? And the best service that you can? The other is, are you allowing your country and your government and your leadership to be systematically and structurally corrupted even beyond what it already was? What is that going to do to your country to its market, and especially your reputation and the global opportunity as you're trying to develop. You are trying to grow to become a developing country and a developed world where people are willing to bring in technology and invest? Why would they if they knew that everything about your economy and your society was bribed and corrupted and not operating on a free market basis. We argued that. We argued two arguments, one, you're not getting the right product, the best product you could and that's not helping your economy or your people. The other is you're creating or facilitating the corruption of a system that's just going to make itself less efficient and functional, and less attractive for future foreign investment and development. You want to keep it under a degree of control, so that it doesn't become so obscene as become obvious and then companies and governments will have to react to it in ways that say no, we're not going to go there. It's too obvious. It's too corrupted.

Q: Now, here's a question. So you are a Foreign Commercial Service Officer, you work for commerce, you've been given a temporary assignment and World Bank. Are you able to call on U.S. government agencies or other officials to reveal these things

confidentially, reveal the kind of corruption and find ways to sanction or punish the bribe takers or the bribe solicitors?

KESTENBAUM: No, first of all, there was nobody else from the U.S. government inside the World Bank, except for a few handful of specialists who were not actually there to manage or run the whole program. The World Bank leadership was politically appointed. There were a few people from State or Treasury as engineers, technical people, but the management was largely political. As such, therefore, I'm not really focused on the internal national interests, unfortunately. I was very alone, internally within the bank.

Now, into the global marketplaces. Yes, we had resources and our colleagues, the commercial service officers, were very important, especially in understanding because they're out there. What's their job, their job is to help American companies compete. And here's the World Bank, giving American money to a borrowing country that needs our market, needs our products, needs our services, needs our investment, needs our technologies. And is gonna buy it from somebody else, just like what happened in Abu Dhabi. The World Bank was not involved. But Abu Dhabi bought the Chinese instead of the American.

When we went to the government, remember my old story about the same thing happening with submarine fiber optic cable in Indonesia, where they bought the Japanese. They said it doesn't matter how low a price you go, Charlie, because we know you're going to be able to fund other things with your donors' money. We don't need to give you this project, we need to give it to the Japanese because we need the Japanese to give us more money. If we give them this big one, and they make a lot of money, they're going to give us more projects and funding. You have to understand that as the recipient, we have our own national interests. It's not to alienate or isolate any one or major donors in favor of another. What we have to do is make sure that everybody is giving us the maximum, we're accessing the donorship of the maximum money and the maximum sources of those funds. It's not really about who's actually winning or should win the competition. It's a matter of where our donor funds are going to come from, and who we need to keep happy, where we're going to get more money from. And it's a short term, it's in the moment, it's not something we look at over a five year period. How much did you lend us over the last five years? How much are you going to lend us next week, next year? What's in your budget? If we can encourage Japan to lend us lots more money and subsidize more things, then we're gonna give them the contract. That's exactly what happens inside the World Bank as well. The donor countries are looking for those projects. Anybody who's inside the World Bank, from England, from China, from Japan, their focus is helping their companies win, and largely do it crookedly. If they have to, if they don't have to fine, bid, bid, win, win, but be ready to do whatever they have to do to

win it. I couldn't do that. All I could do is expose them. And of course, then they hated me.

Q: Now, within the U.S. government, who has lead on providing the funds to World Bank, doing accountability and so on?

KESTENBAUM: Treasury.

Q: Treasury. Alright. With that in mind, are you able to talk to Treasury about this? Were they concerned?

KESTENBAUM: On a hypothetical basis, of course, they don't want corruption. Nobody in Treasury would ever say, oh, yeah, we countenance corruption, No, certainly not. But when it comes to the priorities, I did describe the distinction and the gap between micro and macro. Micro being a specific contract award for a turbine, a power station, a bridge and the macro being how are they developing their energy sector? How are they developing their transport sector? Are they doing it efficiently? Are they doing it the right way? Are we satisfied that our money is being spent properly? It's not just being stolen. But it's actually whether it's an American bridge or a Japanese bridge, there's a bridge. Okay, the turbine is there and running and there's electricity coming out of it. Obviously, we should want them to have an American turbine. But Treasury is much more concerned at that level at that macroeconomic level with them having a turbine that works, first of all, and then later on, at some level, having the right competition that makes sure they buy the right ones, and are not corrupted because nobody in Treasury would ever say publicly, oh, yeah, we would countenance a single dollar wasted, or spent more than it needs to be and why would they pay hundred million for something they can get for ninety?

Q: The last source of exposure, of course, is the press. Did you ever see or were there ever investigative reporters, revealing uncomfortable truths about the World Bank?

KESTENBAUM: No, we were very clear that our function, my function as the commercial counselor inside the U.S. executive director's office was not to engage in media, and especially in such controversial publicities. There was a media office in the U.S. executive director. It was run by the State Department. They had their priorities and perspectives. To understand that better, I would suggest that one would need to go and talk to the State Department, the U.S. Executive Director at the World Bank, and understand more about it because remember, that was twenty-five years ago. I'm not sure that what's there today is substantially different from what was there then. But it could

very well be because look at what else has changed. I mean, we did have cell phones but barely did in 1997. I think that was just when the internet began.

Q: Right. And then one last thing, I mean, Congress votes the money. And congressional staff goes line by line and often will write talking points for their member, that are hostile to spending money on the World Bank when we're not seeing reasonable returns. Did you have to deal with that problem?

KESTENBAUM: No, because again, we were not involved with either media or internal government relations. Believe me, you know very well how sensitive State Department is, or other agencies of U.S. government in having their executives engaged directly with Congress, or members of Congress. There was a very thick, very thick wall between us and congressional staff.

By the way, I did curtail. I quit. I had a three year assignment. I was there 1997 to year 2000. But by 1998, I realized that I wasn't going to accomplish what I wanted. And wasn't going to be able to make a difference. I didn't want to waste more of the time in my career, because I knew that when I hit age fifty, I would be eligible for early retirement. And I didn't want to do that on a losing, failing, hopeless, lost, and no future assignment at the World Bank. I curtailed and, of course, went overseas again. In this case, I went in 1999, out to Saudi Arabia, which is another session of story later.

Q: Just one other question before you leave the World Bank. There have been other foreign commercial service officers who have gone out for a detail assignment, World Bank, IMF, other international financial institutions, in talking with them, did they ever find that any of their detail assignments to these international organizations were valuable for them later, either through connections or understandings of how international finance is conducted, and so on?

KESTENBAUM: Not really. I think that the World Bank was, I wouldn't call it a dead end, but it was certainly not an enhancement for career development. Unless you wanted to get into the actual developmental world, with the consulting firms that put these big, multi million-billion-dollar projects together. There is a whole industry, it's not just who actually makes the turbine, or the power station, or the bridge, but who actually organizes it and builds it and supervises it and finances it. The project management, at a corporate level, can be very exciting and challenging. You are supervising large sums of money and big multimillion dollar contract awards, deadlines and competitions, crisis and human resource management. Once you get into it, becoming the actual manager of a major project, or engaging in management of major projects, domestically, and of course, globally, that becomes a whole very different world. Because you have a whole different

series of priorities, of deadlines, of successes and failures. It's no longer now a series of competitions. It's now how you implement and who's most efficient in implementing and contracting, whether it's subcontract awards or managing personnel or managing money or all the above. If you're doing a big project, you're managing all the above. You get to be kind of a real general manager, a jack of all trades, master of none, so to speak. So very different personalities, and different personal skills are necessary at all different levels of these major global projects.

The World Bank is a really fun place for employing people, and it has huge opportunities to really have an impact. Particularly if you're going to do a major power project in Indonesia. There, three islands are a year from now going to have electricity for the first time ever. You don't worry about whether some guy got a half a million dollars he shouldn't have. I mean he's the Minister of Finance anyway. It only matters that at the end of the year, electricity is up and running. And are these people benefiting? And do I feel like I accomplished something? There are a lot of positive benefits, and a lot of success. But unfortunately, the job I had, I never got to engage with the projects themselves, and to implement and finish and watch them grow and build and award the money and see the positive elements.

Once the award contract was awarded, I rushed off to supervise the next one. Next competition. When you're sitting in an office in World Bank headquarters, and your eight hours a day is going from one competition to the next, and watching one project after another be stolen, bribed, cheated and corrupted. You can't fix it. You can't turn it around, not easily. Every time you try, everybody in the room gets angry, and doesn't want you even in there or knowing what's going on. It becomes a real losing thing. Good Lord, do I want to go there for another eight hours? Today? Tomorrow? Next year? At that point, I can't speak for everyone who preceded or followed me in that job. But I can say that I think that it's reasonable to say that most of the officers who have had that position, have had that experience to one degree or another. My contacts with them would confirm that much. Now, how much did they choose to engage or give up? Or willing to quit? Why did I leave early or I mean, maybe, they were in Washington because they had to be because of a sick relative, or somebody is in school or needs a medical therapy treatment or whatever it may be. There's 1,000 reasons why people want to come back from overseas to serve in America. Some of them want to serve in the domestic field offices. Some want to be in the Congress. Many of them want to serve in Washington in headquarters, they have homes they've built and invested in. There's an infrastructure and a career to engagement that's very much Washington focused. I only did two assignments in Washington. I did a total of five years out of twenty-three in Washington, and each one was preceded and followed by a Foreign Service assignment. I went here, there, here, there, back and forth. But a lot of officers did all their four or five overseas assignments

before they were forced back to Washington or a headquarters assignment. I can't speak for everybody. But in terms of at least my service at the World Bank, it was a very frustrating and very unsatisfying series of failures where I was not able to have a degree of impact that I wanted or felt was in the national interest, and why I was getting paid this money. I wasn't there to sell cigarettes, I was there to sell economic development and career jobs and opportunities and growth. If we weren't going to do it properly, then I didn't want to be there anymore. I looked for an early assignment out. Nobody wants to terminate your assignments early because it becomes a personnel problem; then how do we fill in behind you? Because we were planning to fill that job a year from now. Not today. So now how do we find somebody because we don't have hundreds of people sitting around waiting for a job. In fact, we have a lot of vacancies that are filled with reservists or temporary workers, especially from the field offices, domestic field offices. Remember, we've been trying and still are trying desperately to get those domestic field officers to go overseas on an assignment. If we have a year gap, or two year assignment gap, because somebody just curtailed a year early, we don't have anybody available to go there. Let's find somebody to fill it in.

In my case, I looked for a vacancy at a senior level, in an area of the world that I was excited and expert in and wanted to go to. Knowing that it was kind of the terminating, potentially terminating tour of my career, where would I want to end up in the marketplace so that I could then go off into the private sector, effectively. That's the other thing, by the way, we haven't gotten even close to that yet. I can't speak for what people at the State Department do about how they retire and their careers and everything. But I can assure you that with the Commerce department, when people want to retire, they don't want to go home and sit, they want to go out and do something equally challenging or exciting. They want to take the expertise that they've developed—languages, cultures, contacts, government officials, and market it. The wonderful thing about early retirement, and thank goodness to the Foreign Service is that if you're age fifty and have twenty years of service, you're eligible for an early retirement package. You're not going to get a full pension and it's not going to be very much because you only have twenty years of service, not thirty or thirty-five, or forty as when you retire at sixty-five, that's another fifteen years. If you're at twenty years of service and age fifty, and you serve to sixty-five, then you have thirty-five years of service. And if you're getting 2 percent of your salary, twenty years of service is a 40 percent income. If you're under $100,000 a year, you will get 40% from your pension. But if you were done your whole thirty years times two, that's 70,000 dollars a year. So instead of 40,000, you get 70,000. But you have to spend the additional fifteen years in service. There's also an issue of benefit or loss and what you want to do with your life and you which is the most advantageous for you going forward. Some people stay in until they're sixty-five and they're forced mandatory retirement. Then they are hired as WAE—when actually employed. They are hired back.

State Department does this. Commerce doesn't. State Department also won't hire a Commerce person back. When I turned sixty-five. I wanted to go back and say, I'm sixty-five now, bring me back WAE and State Department said we don't take commercial people. I went to the Commerce Department and I said, I'm sixty-five ready for WAE. They said, We don't need you. We have too many people already that are looking for jobs. And we have all these domestic field officers that I can send overseas. So unfortunately, I have State Department friends, relatives, colleagues, and I have a brother in law who is seventy-two. And he's still working forty hours a week at State Department, working in semi-retirement. He goes from assignment to assignment depending on where he's needed. I have a former colleague who served in the U.S. embassy with me in Saudi Arabia as an economic officer, who is today as we sit here and speak, serving a three month TDY, temporary assignment in Jerusalem. As the interface with Hamas, and the Palestinian Authority. Talk about an exciting temporary assignment and an expertise that's essential. Not a lot of people have that ability or are willing to go there and sit around Jerusalem dealing with Hamas in the middle of a military conflict. But this guy is. I talked to him just yesterday. And he's having an amazing time and it's truly exciting. And he's interfacing with the leadership and he's talking to the Israelis and he's talking to the US Embassy. He's trying to help negotiate peaceful agreements. He's seventy-two, and really extraordinarily valuable because all the knowledge and expertise that he has is being utilized in person, not being just put into a voice message here, or a recording.

Q: All right. Okay, so that takes us to the end of the World Bank assignment you're going to curtail, but how do you find the next one?

KESTENBAUM: Well, you go to the personnel office. Remember I'm sitting in Washington, Commerce is on Fourteenth Street. The Bank is only four blocks away from Commerce. Having been a regional director there only three years prior to that, I knew everybody inside; all the professional long career experts. The personnel system was very much working on my behalf. I let them know that I wanted to get out early. I gave them the criteria of what I was looking for. I wanted a senior position. I wanted something that had real opportunity that was in high risk, the 15 percent or 20 percent, high risk differential. I wanted a 15 percent differential and I wanted a Senior Commercial Officer job and wanted somewhere in Africa, Near East, South Asian region. The position for senior officer in Saudi Arabia was coming vacant. I immediately let everybody know that I wanted it. I let the senior management of Commerce and the Commercial Service Director General and everyone who actually was sitting on the panel that made that assignment. I lobbied quietly. I don't know if it was illegal, but it certainly wasn't immoral. Maybe it was immoral, but not illegal. That's a better term. Anyway, I lobbied for the job. Of course, nobody wanted it anyway. I mean, we're talking 1998-1999 with terrorism in Yemen, Al Qaeda, World Trade Center in 1993, ISIS, suicide bombers, so

nobody in their right mind wanted to go and become the senior most visible American officer in Saudi Arabia, where all these Islamic fanatics were all training, recruiting, engaging, arming. I remember the Saudi government wasn't even willing to acknowledge that it had that problem in those days, although there was the bombing in Yemen, where the American ship was blown up. The Iranians and all that. So it was an assignment made in heaven, both for me, and for the embassy because there's a guy coming back for additional assignments who had actually worked in Saudi Arabia previously. I knew my way around there and knew the royal family, the businesses, the companies and understood how the market worked. I had languages and had a family that was ready to go there; remember the story about my wife. I'm the only man in the history of Saudi Arabia who is known by his wife. Everywhere I went, people would say Kestenbaum from the American Embassy? Are you related to Heidi? And I would say, yeah, that's my wife. And they say, Oh, you lucky man. She was a famous belly dancer. She was dancing it at weddings for the ruling family and every bit of every wealthy Saudi, whether it was Bin Laden or whoever they wanted her dancing at their wedding. That was '91 to '94. It was only earlier in that same decade that I had already served there. I was now ready to go back to the more senior position. It was wonderful because my family was ready to go. They were all excited to go. I mean, my wife wanted to go there and my daughters wanted to go there. I have a younger daughter, who had learned how to play soccer in Abu Dhabi and was at the American School in Saudi Arabia, and had a wonderful three years there, loved it. She thought wearing a burqa was like, out of a movie. It was a perfect assignment for me. I was a perfect officer to go out there.

Q: All right, so then you go out with your wife and daughter, they both accompany you. All right, then, what is the section like when you arrived? How many people and what's the size and so on?

KESTENBAUM: It's a very large section. There were two other American officers more junior. There were about eight or ten local employees, staff, secretaries and trade specialists. None of them were Saudis. Because at that point in the 80s, and 90s, we hadn't yet educated the Saudis that we were in the process of doing. What do I mean? Well, you know that from 1990's to 2020, I believe that there was an average of between 100,000 to 200,000 Saudi students at universities in the United States (even until today). I don't know the exact number. I'm sure the U.S. Embassy knows. It's a public thing at the Saudi government. But unlike other countries, we did not rush to place our universities into Saudi Arabia, as we did in Abu Dhabi, Dubai, and Qatar. Harvard opened up an office in Dubai. Texas A&M opened an office in Qatar, and NYU opened up a school in Abu Dhabi. This was all in the 90s. Yet nobody opened any kind of schooling or anything like that in Saudi Arabia, for obvious reasons. First of all, none of the schools wanted to go there. But second of all, none of them could comply with all the various Islamist

regulations about women and money and all that kind of stuff. As the Saudis realized that their economy and their society were growing, and there were literally millions of Saudis that needed really competitive levels of education, and higher education that just simply weren't available in Saudi Arabia, and they couldn't send every Saudi there was to Cairo. Of course, Beirut wasn't very functional in those days, still isn't, obviously so. There were no real Middle East University structures. Certainly not in Baghdad, considering Saddam, and all what went on there in the 80s and 90s. Where would Saudis send all these thousands of young students that were suddenly turning eighteen and twenty and wanting to go to college? The Saudi Embassy to its credit, along with the U.S. government, the State Department, and the U.S Department of Education, participated. I have to give very high credit to State Department, which is an area that we in the commerce had absolutely nothing to do with. We only wanted those students after they graduate. We didn't want anything to do with them until then. Because then there were going to be jobs, opportunities, careers, investments, purchases, procurements. We loved the idea and to the extent that we wanted the projects of the education system to teach Saudis, business, finance, commerce, trade, manufacturing, economy, all that. Don't just give them political science. In fact, the good news about that was the last thing the Saudi government wanted its students to study is politics. There is no public politics in Saudi Arabia. If you open your mouth, it gets shut violently. What did the Saudi government want? They wanted all these 1000s and 1000s of Saudis to study finance, economics, commerce, trade, business, manufacturing, engineering, especially engineering, computers and software, anything but politics or social issues.

One of the things that we did back then, from 1999 to 2002, when I concluded, was we set up a very extensive network of interaction between American universities and their business schools and training programs. As the students were being sent to universities in America, the universities were welcoming them and organizing internally. Two years from now we're going to have a hundred Saudi students, we need to have a program so that they can be integrated properly, they can be supported. Languages, culture, religion, interaction, so they don't all get alienated or have social problems. For sure they're all going to have some issues and problems, whether it's understanding the market or paying rent or opening up a credit card or whatever it may be. They are all going to need extensive degree of support, until they've been there for a year or two, at which point, then they're going to be able to do it all themselves. They are all smart, and they are going to learn and if they don't, then they'll drop out and go home. By the time they're there for a year, they don't need our help anymore, really, to any great extent.

But in the first year or two, they're going to need extensive degrees of support that no other students will because nobody else coming from anywhere in the world is as isolated and unworldly, as these young Saudis coming from out of Mecca, Medina, Riyadh,

Jeddah and Hofuf. I mean, some guy's eighteen years old comes out of Hofuf, he barely speaks English, the first thing you must do is put him in an English language training program. For the first year, most of the Saudi students went into language training programs, and those first year language training programs also involved, of course, orientation. How do you pay rent? How do you get a car? How do you get a driver's license, all the things that day to day living make up life. They needed to become comfortable, and then once they've been there for a year, and you have several hundred Saudi students at that university, and they all understand how to pay rent and how to rent the car and how to get a credit card. Then the next hundred Saudi students come as some of those graduate, and fifty of them graduate, you bring in another fifty, the fifty that are still there are all going to be able and willing, to some extent, to help the orientation supporters. The whole orientation program becomes institutional and structured within the students themselves. You can be darn sure that as a young Saudi coming out Hofuf going off to Milwaukee University or in Detroit, the first thing he's going to want to know and do is talk to his buddy Muhammad, who has been there a year and say, Hey, Muhammad, what about this? And how do I do that? And where do I get this? How did you find that? And why isn't this working this way? And Muhammad becomes his orientation manager, not formally, but informally. Of course, suddenly, this is an enormous degree of freedom that the Saudis are experiencing, especially once they start sending some of the younger women over to these environments and markets. You must be really careful they don't go crazy and lose control. That degree of change, that degree of sudden opportunity and freedom from an incredible degree of incohesive closed doors. You're going from zero to a hundred in three seconds, like the electric car today, and no brakes. The initial programs that they had, in the late 90s and early 2000s, as they started these education exchange programs and build them into many, and having them in dozens of universities around and having similar structured organizations, so they know exactly how to do it, each market, whether it was in Milwaukee or Portland, and then having feedback, having follow up and having these systems and publicizing it. Saudi students that get honors degrees are probably modern. You have a young Saudi woman wearing her headdress, getting a degree of plaque from University of Southern California. That's wonderful stuff. And it happens every day. It's been happening for about twenty-five years, really effectively. And what that has done is it has dramatically altered the very identity and nature of Saudi Arabia's population.

Because you've had, I don't know the exact number, whether it's half a million or two million, but the number is extraordinary. The percentage of Saudis that have gone and studied in the United States at critical periods of their life where they are ready to listen and learn, they have enough awareness to know the difference between what's right and wrong and what they're being lied to or told the truth. And then make those judgments themselves. Most importantly, they have a network of their colleagues and their citizens,

cohorts of their same age groups around them to reinforce those decisions. The vast majority of them were very positive decisions because everybody reinforced it. How many Saudi students have you heard about that took a gun and shot anybody in the last twenty years in America? But you've had a million Saudi students, all eighteen to twenty-five. And they're in every city in America and every university, and there hasn't been one of them shot anybody? That's amazing. It means we're doing it right. And they've been doing it right. Because goodness gracious, I mean, Americans are shooting each other every day. The Saudi education program has been really critical. We were engaged with it. As I say, we felt it was very useful, because many American companies wanted to participate. If you're, say, General Electric, and you had headquarters in Detroit, and you wanted to set up a program where you could engage a couple of Saudi students as interns in your factory or in your management program, especially in your international sales and marketing department. If they're studying international marketing, they're going to be going back to Saudi Arabia looking for work or getting jobs in the government. Then why wouldn't you want to engage as many of those quality students as possible in your corporate headquarters in corporate management now, and then you can evaluate them and pick the best one, and say, we've had twenty Saudi students here this year. It's Abdullah, that's the one we really want to work with going forward.

So this has been a great opportunity that has not been widely discussed, or known, but has tremendously benefited a whole range of U.S. interests, political, State Department, financial, Treasury, cultural, and historical and commercial business, because the Saudis, hundreds of thousands of Saudis have been in America for many years now, studying and living and learning everything there is to learn not just one thing or another. They go back, much more holistic and complete, as individuals and people than they ever wondered when they left, which was so narrowly focused. At that time in Saudi Arabia none of the men would ever be allowed to talk to a woman, especially if they weren't married. All of a sudden, they come to America, and you're all in these dormitories with all these half naked women running around. And what Saudi has become, and as a result it is so visible today. Saudi Arabia is having all kinds of new social and cultural activities. They're having women's soccer tournaments. They're having all kinds of rock concerts. I can't tell you who but they have enormous concerts, rock concerts, music, with men and women out dancing and partying together in Jeddah. I mean, this was unthinkable twenty years ago, unthinkable. It's the twenty years that only Saudis have been to study and live in America and gone back and brought America back with them. And then you had this change of generation of leadership. The new young guy, Mohammed bin Salman was thirty-two, then thirty-eight, and now forty-two. He took over at thirty-one. He has transformed himself. He has been smart enough to understand where the whole society has been going. It's like, he's not leading, he's chasing them. He's following them. What

he's really doing, he's scared because he wants this to happen. But he's afraid of the consequence of it happening too out of control.

That's the domestic political concept that becomes the real killer, which is the sense of tribal, hereditary tribal autocracy. It's called hereditary tribal autocracy, which means you inherit, you didn't earn it. It's tribal, which means that it's your family. It's yours by birth. It is who you are. And it's an autocracy, which means that people don't vote. They don't have rights. It is subjects, not citizens. I've used this term before in previous discussions but back in Saudi Arabia, its subjects, not citizens. And what we've done is actually jumped twenty years ahead, because today, they are not subjects, they are becoming citizens of Saudi Arabia. But at the end of the day, whether it's Abu Dhabi, Riyadh, Kuwait, or Doha, you still have at the core of this society, a hereditary tribal autocracy, not a vote. And as long as you don't have a vote, you have subjects, not citizens, and subjects don't have rights. And they don't have a voice. And they therefore cannot challenge or question the decisions being made by the government. That's going to become a real problem. Not today, because in Saudi Arabia, and in the whole Middle East, the incredible degrees of freedom that they're experiencing are social and cultural freedoms. Imagine they are having rock concerts with half naked women running around on the stage in the middle of the night, twenty miles from Mecca, is really incredible.

I have to say that the vast majority of young Saudis are incredibly supportive, cooperative, and engaged with this new young ruler. But what happens when they start to ask questions about why is this decision being made? Why don't we have a voice? Why can't we vote? Everybody else elects their leadership? You made decisions that we don't agree with. Our culture is changing, but your system is not. Women shouldn't have to wear clothes that look like Iran – women with veils. This is a cultural issue involving both tribalism and religion. There are three governments out there, there's military government, there's religious government, and then there's tribal government. And in some instances, there's overlap. The tribal and the religious use the military to enforce it. And in many cases, the military engage themselves for their degree of legitimacy by engaging the religious. For example, the military leadership in Egypt today. General Sisi is the President. The mosques in Egypt support them completely. They have to cooperate, or they get thrown out or worse. It's an incomplete autocracy, a system that does not encourage or allow independence, voting, questioning or challenging. The question is, how can you encourage entrepreneurship? How can you encourage risk and management to people, tell them that they can do it, but then stop them from doing it, when it engages in ways that the government doesn't want or accept, particularly in the political decision process? The question really becomes, everything is looking great now. And you don't really have to worry about internal revolt yet. But look at what's happening in Iran today. And that is going to expand. What about all these thousands and millions of young

Saudis, between the ages of eighteen and forty. They have been educated, and trained, and encouraged and engaged, and are sitting around now in Riyadh. They can't have a full voice in the government or in any aspect of governance. The controversy is you must do what you're told or else, but how can you throw all those people in jail or punish them all? So right now they're able to put people in jail, they're able to punish people that question and you can see it if you look at the media, that there's a lot of full jails even in Abu Dhabi. They are full of young locals who have questioned the rulership. It's a problem, going forward. We'll see where it all goes. But anyway, that's an interesting concept of what was going on in that late 90s, early 2000 period. Prior to the dramatic, game changer of 9/11.

Q: All right. So you get to Saudi Arabia, you mentioned what the size and shape of the Foreign Commercial Service section wise, what are your immediate goals then in terms of advancing commercial sales and so on in Saudi Arabia?

KESTENBAUM: Just more of the same, since we'd already established it since 1980-1981. We were already basically twenty years into it. The market was there, the local employees in the commercial section were there, many of them had been there all twenty years. They knew the market so well, knew everybody inside and out that all I could say was, go see the administrator today and tell him this, and he would come back an hour later and say, Yeah, Minister said, okay. Oh, goodness, gracious, I mean, how many American embassies can send one of their local employees to go to the Minister? I mean, it was really extraordinary.

There was a very incredible range of employees, of every nationality. One was Yemeni. We had one who was Syrian, we had one or two who were Lebanese. We had a few who were Egyptians. And we had some Indians, some Pakistanis. We had, I would say, really effectively about eight or ten nationalities that generally supplied most of the local employees to what we call the GCC, right, the Gulf Cooperation Council. What we used to jokingly call gulf competition council, the six countries of the GCC, Saudi, Kuwait, UAE, Bahrain, Qatar, and Oman. Only Saudi had a really significant, large population of people. None of them were educated, nor wanted to work. Of all six US Embassies at the GCC countries, when we first began our commercial program in 1981, none of them had local employees. All of them had third country employees who were living and working there. The good part of that was because they were third country nationals, they were entirely in our control, and dependent on us for everything, including their job, their home, their livelihood. None of them would ever dare talk back to us, because if they did they'd be gone. So not really, I mean, I wouldn't exaggerate that. But the idea being that we had a huge network of local connected employees that were out there in the marketplace, and each one had a series of sectors that they were responsible for and

specialists in. We had a guy who was responsible for knowing all about the power sector. And we had nobody in the State Department, nobody in the embassy had that degree of links of connections because they didn't have to, they weren't there to do that. It wasn't their job. They weren't supposed to have those links. The consular officer was worried about visas. And the treasury officer was worried about foreign exchange and talking with their treasury counterpart.

If I could expand the story, just briefly to explain why that is so important for the history of the State Department and the Foreign Service is I haven't really talked about the fact that Al Qaeda tried to kidnap me when I was there.

Q: No, you have not.

KESTENBAUM: I arrived in the summer of 1999. In early November of 2001, Bruce Johnson, the station chief, called me and said, get upstairs, come up to my office right away. I know Bruce from our previous assignments in Baghdad. We've known each other for many years, and his wife was best friends with my wife. And so we were very close. It was an incredible relationship I had because I wasn't supposed to talk to the CIA at all, especially officially, but the Station Chief was one of my best friends. I ran upstairs. He said, sit down, and he handed me a document, a folder. He hands me a Donald Trump envelope. What is the Donald Trump envelope? It's one of those red, no secret top secret no foreign, top Secret Super documents that you got to lock up or get killed for. Okay. It was a translation of a document that after 9/11 the U.S. troops went into Afghanistan and Kabul, and routed al Qaeda out from their headquarters. And at that time in early November, Osama bin Laden was at that moment, hiding in a cave in Tora Bora along the border with Pakistan, and was on his way to take refuge in Pakistan, where he stayed for the next five years or so until they finally caught him again. He had fled, and Al Qaeda had been routed out of their headquarters in Kabul. We had gotten hold of all their computers, their hard drives, memory sticks, and were furiously translating to see what was there. Bruce says to me, Charlie, we have here a translation of a document that has just been taken off of Osama bin Laden's computer. I open it up, and it starts out, quote, this is a plot to kidnap Charles Kestenbaum, the American Embassy commercial counselor, a Jew (in parentheses), hijack an airplane from Riyadh to Afghanistan, where we would then negotiate trade of commercial counselor Kestenbaum for the five men who are in jail in New York, for the 1993 World Trade Tower bombing. They had tried to blow it up but hadn't succeeded, and had been captured. One of them was Ramzi Yousef, who was a protege and one of them was Sheikh Omar Abdel-Rahman. He was the Blind Sheikh who is the guru of Osama bin Laden himself. The religious spiritual guru, his advisor. Sheikh Omar Abdel-Rahman was sitting in jail in New York. So Osama bin Laden came up with a plan to kidnap the American Ambassador in Saudi Arabia, hijack

an airplane from the airport and do the trade, negotiated trade. If the U.S. would not negotiate trade of the US Ambassador for Ramzi Yousef and Omar Abdel-Rahman, then al Qaeda would cut his head off on camera, like Daniel Pearl.

What happened? Why didn't they kidnap the Ambassador? Well, it turns out that they couldn't kidnap the Ambassador because he was too well guarded. He had armored cars, bulletproof vehicles, a lead and a follow Jeep filled with marine guards. He lived in an ambassadorial fortress that had walls and armored barbed wire. He worked in his office at the Embassy, which itself was a compound in a diplomatic area that no one could get to. And he was hardly ever outside. He had no outside schedule. He was never visible, or predictable as to where he would go and when. They quickly came to the conclusion that he was too hard to kidnap. What were they going to do? The plan was then to go down the country team, to the next layer of senior embassy officials, pick one, kidnap him or her and do the same thing. They decided when they evaluated the embassy. Okay. Who did they pick? Who did Osama bin Laden and al Qaeda pick? They decided to kidnap me. Why? Because I'm Charlie. No, because I was the commercial counselor, because I represented American business interests, because I represented American jobs. I represented American investment. I represented the vast majority of the American community and what they were doing there which was living there to work and engage in economic growth and development and develop and career. Therefore I was the American embassy official that would have the most impact. Most priority for having his head cut off thus was the Commercial Officer, not the State Department, not the Ambassador, although they couldn't get the Ambassador, not the political counselor, not the CIA. I said, how come that wasn't you Bruce? He explained, you're far more important, Charlie. He said put it in the record. You're far more important, Charlie, and I'm the station chief. Okay. And this is after 9/11. We're figuring this out. The story is that between 1999 when I arrived, and 9/11, If they had managed to kidnap me and hijack the plane and get me to Afghanistan, maybe we would have traded. And they would not have had to do nine eleven but because they couldn't kidnap me, they decided to give up on the kidnap and go ahead with the second effort at the Trade Tower bombings. That's what the documents said. Basically it's a plan to kidnap Kestenbaum. But since we can't get him, we're going ahead with the WTC bombing. So can you imagine now, I know there's a degree of guilt, the degree of pride to have been targeted as the senior embassy official that was most important for al Qaeda. The fact that since they couldn't get me, they ended up killing all those 1000s of people we lost on 9/11. Maybe I should have died. Dammit. If they had only kidnapped me and done it, there wouldn't have been nine eleven. Seriously, that is a true story. For the record. And it has never been told before. Never been told. Because it was a top secret classified document. I have never spoken about this in public before. I've not written it down or set it anywhere, except for this record. In early November 2001, I was told that for the last two years, there was a team trying to

kidnap me, and why didn't they get me? I didn't know they were there trying to kidnap me. They didn't get me because I was following tradecraft, security tradecraft. Why was I following security tradecraft? Because over the last twenty years, they had been chasing me all over the Goddamn Middle East, whether it was Osama bin Laden or Ayatollah Khomeini, Saddam Hussein, Ayman al-Zawahiri whose ISIS went after me in 2004 in Baghdad, which is another story for future. After I retired, they still tried to get me. Ayman al-Zawahiri, the head of ISIS in Baghdad said, he called my Iraqi partner in Baghdad, and he said, Saad, we know Charlie's there. And God dammit, this time, we're going to get him. Okay, well guess what I did. I ran away, I fled Baghdad, and never went back. But that's another story for another day because I was out of government. But the point is that, from 1999 through 9/11 2001 I was in Saudi, trying to do my great job to engage the business community to interact the American, expand the interaction of American firms. I was also working with the Saudi students and the Saudi businesses, and all the entities that are there. This was a very difficult time, when nobody wanted to go anywhere near the Middle East. There was too much violence, too much confusion and uncertainty. And the degree of risk. I mean, we are talking about, as I said, such violence. There was in 2000 the USS Cole was blown up in Yemen, and done by Iranians. The Iranians were using Yemenis to blow up American ships in the Persian Gulf.

There was a tremendous degree of risk of violence and overall uncertainty. This obviously played out in 9/11, only a couple of years later, and the whole world changed. We cannot emphasize nearly enough the fact that that was an incredibly changing period, that as it turned out, the whole world might have been very different. If a few of those things had happened differently before 9/11.

Q: Crazy. All right. But now, would you like to break here or would you like to go on and talk more about the activities you undertook?

KESTENBAUM: Stop here now and do another session in the next few days? Sure. That's fine. I've talked plenty here today.

Q: Because you've set up the context and all of the other activities other than the actual commercial work that you did. So I was thinking perhaps this would be a good place to break and we can then pick up with more of what you actually did.

***

Q: Today is August 4, 2023. We're resuming our interview with Charles Kestenbaum. Charles just reminded us, the years you're in Saudi Arabia as the head of section.

KESTENBAUM: Yeah, I went there in July of 1999 and stayed until July of 2002. I had a three year assignment in Riyadh at the U.S. Embassy.

Q: Alright, we only touched on initially, some of the commercial work you did. I wanted to go ahead and open up for you to continue with that.

KESTENBAUM: Obviously, Saudi Arabia was the big market in the region, much bigger than anyone else, although the UAE was a very big regional headquarters and trans shipment market. But a lot of what went to the UAE ended up in Saudi anyway. Saudi with twenty-five million people and then all the oil money, it was always the center of the business market and commercial market for U.S. government. Everywhere else was kind of a secondary or subsidiary to the Saudi primary market. Also, because Saudi Arabia was such a difficult place to get visas. It was not easy for American business executives. Particularly if you were female, or you had families, or you're going to become resident there. We had American resident communities, all based primarily around finance and commerce. There was very little else there, there were not universities and all the various social groups that would have normally had American communities, as they are in most of the rest of the world doing all the various things of life. But in Saudi Arabia, it was almost entirely business with a small, but essential element involving the military. The American communities were all living in isolated compounds with fairly large walls around them in order to protect the families and enable them to then go out and about and walk about without having to wear the burkas and the veils. All the things like kids playing as the normal American kids would be in, swimming in a swimming pool with little girls and boys together, and all the things that were forbidden for the general public in Saudi Arabia.

Most of the Americans lived in compounds, which isolated them tremendously from their Saudi hosts, and all the other large numbers of third world people who didn't live in those compounds. They couldn't afford to, or they didn't want to, or they weren't allowed to. So for all the Indian business executives, and Pakistanis, and other people like that, who weren't necessarily going to live in a big resident compound with swimming pools and tennis courts and a ten foot wall around it so that the Islamic fanatics couldn't get in. Tragically, they obviously did attack these communities in 2003. That is after I left. There was a very large series of horrible Islamist terrorist attacks on the American resident communities there that drove Americans out for quite a while. This dramatically changed the nature of Saudi Arabia and what it was and what it has become. This is because rather than the center of radical Islamic proselytization, it became the target of Islamic violence, and could no longer then avoid the reality of what it had helped create. They had been creating this for decades, tolerating and supporting the extreme religious elements,

without recognizing that those extreme elements would eventually become terribly violent.

That came about in 2003, in Saudi Arabia, and then 2011 in Syria and the Islamic Jihad and ISIS and all the rest of it, which had grown out of the various Islamic movements that had been going on in the 1980s and 90s and early 2000s, in Saudi Arabia, primarily and, of course, Afghanistan, where Bin Laden took refuge and al Qaeda set up shop. But we did still try to focus as much as we could on our business in our commercial world, and on trade events, trade activities, and delegations and investment groups. In fact, those events were exactly why I became the primary target for kidnapping from the Islamists not necessarily because I was Charlie or Jewish, although they knew I was, they even said so. The idea was that the commercial officer had to be out and about, and I think I mentioned that we discovered that the initial effort to kidnap me was at the American Chamber of Commerce every month, at four o'clock on the first Tuesday, they had a board meeting at the Sheraton Hotel. I was on the board. So that was predictability of where I would be and when I would go, and so the plan was to grab me in the parking lot, before I got out of my car, no one would even know I was gone, zoom right up to the airport, which is just up the road, fifteen minutes up the highway, and be out of there with an hour before the board meeting even ended. I would already be on a plane to Afghanistan. It was the idea being that because I had a commercial presence and had to be out in the public. And I was realistically just about the only American embassy official who had that profile.

I had to be out into those public meeting elements. That made it very easy to target me. Then, obviously the added benefit of the commercial person, being somebody who was representing the American business community, all those people and all those compounds would go away, and all the investment would leave, an economy would collapse, and the regime would collapse. The real key to the whole thing was American business and money and commercial interests. It really did describe that accurately as to where our vulnerability, our greatest vulnerability was and our greatest exposure. And what did I do - if we can get to that? How did I survive that? I was there for two years before I discovered this? Well, I got there in July, and I learned about it in November of 2001. Twenty-eight months I was there. I don't know how long they were after me. I would assume the whole time because they had probably been trying to get the Ambassador prior to that because 1993 World Trade Tower bombers were in jail. I arrived in 1999, which was almost six years later. You have to think that the plot was well underway and had already been engaged. That's the interesting part. When we discovered this plot, the idea was, how did I avoid it? And it was just good tradecraft security wise. We discovered later, but okay, we know they were targeting me at the Sheraton Hotel with the Chamber of Commerce, AmCham. What did I do? Well, I went to the Chamber of

Commerce. And I said to them, guys, look, this is too predictable. Most important is we need to continue to do business. I did it in a commercial way. I said, we need to do business with all the hotels, there's a Sheraton, there's a Hyatt, there's a Meridian, there's a Holiday Inn, there are a number of American hotels here, and we need to conduct our business with all of them, we need to show them our support, and engage them all in our market. Let's have a board meeting at a different hotel each month. We'll work it out with the hotel, and we will arrange it in advance and let everybody know twenty-four hours ahead, which hotel we were going to have our meeting at on the first Tuesday at four o'clock. The date was still the same, the time was still the same. But suddenly, the location was unknown, and would only be known by the people attending it twenty-four hours before the event because we would discuss it with the hotels and the hotel security and organize it that way. It worked out that nobody ever came to the hotel groups and grabbed me in the parking lot. Now, I also knew that generally I was always vulnerable. When I drive into a hotel parking lot like that, I kept my eyes open, I looked around. I actually did have a driver. He was an Afghani. He was not armed. But at least I had a driver and he knew that we were very high risk, potentially targeted.

We were basically kind of closing out the issue of the Saudi thing. I managed to survive, avoid the kidnapping. And in the discovery, they called me in and said, okay, do you want to go home? Take your family home. My tour wasn't over until the following July. I had another eight months in my assignment.

Q: You mentioned that there are several hotels, so that you might be able to meet with the chamber commerce in a variety of places to change your locations.

KESTENBAUM: Right, random location, twenty-four hours. So that's basically tradecraft, security tradecraft. If you have any sense that you're a potential target, then you make yourself hard to find. And especially hard to predict because it's the most essential thing in planning at any kind of activity is the ability to predict planning ahead, who's going to be where, when, and the situation circumstances. If it's unpredictable, then it becomes very difficult to organize. You have to narrow your scope of where you can target this person, or the activity where it can be planned. And that generally becomes your home because it's the one predictable location that you're always going to be at and on a regular basis. Fortunately, I lived in the diplomatic quarter, which was in a secured area that was all diplomatic embassy people and a few others who had such status. We lived in a secure compound where all the embassies were located. It was a very large area. You're talking miles around with walls, and it was on a hillside so one couldn't drive up into it except through one or two entrances where they had security guards and proper identification processes. You couldn't just drive in or walk in without going through security. The compound itself, where we lived, was relatively secure compared to the rest

of the city or the town or the country. So that made it much easier for us, because you could feel relatively comfortable driving out the driveway of your home, that there weren't ten guys in three vehicles waiting to jump on you and drive you away because they couldn't get in there easily in any large number. Once we were relatively secure in our home or felt that way, whether it was true or not, then we were definitely able to say, okay, our real concern is once we leave the diplomatic compound, the embassy and home and go out into the community. That's where we had to come up with the whole security process of randomness and uncertainty. It was very certain the way where I was going to work every day and show up at eight o'clock at the office, or nine o'clock, I mean, whether you showed up at eight or nine o'clock, you're still going into work every morning at the same entrance to the same embassy. There were predictable locations and that sense of risk. But those locations were highly protected and were known to be risk areas that would then be either avoided or controlled.

For a Commercial Officer who had not been given a day of training anywhere ever, that was pretty much a huge challenge. But for me, personally, because of my background and experience, and the number of years I had already been doing it in the Middle East, it was a manageable challenge, or risk, or at least we thought so. To tell you how much we felt that way. When we were called upstairs and offered the chance to go home early because of the degree of risk that we now understood we were under. I asked my wife, and she said, well, they've been discovered, haven't they? Yeah. And we know they're after us now. Right? Yeah. And they're running around in hiding now, right? Yeah, well, then there's no longer any real danger is there? We decided probably not, much less so. She said, well, then let's stay. And my daughter is in school, she was born in '91. So she was nine years old, ten years old, and second or third grade and happily in the American Community School. Having a great life there and enjoying herself. My wife was having a great time. She was a belly dancer, who everyone wanted for their parties. One of the greatest videos I have is her at the kingdom compound, it was called the kingdom because one of the princes had a company named Kingdom Enterprises. And the kingdom compound was the number one most popular place for the American community to live in and party. We have an amazing video of my wife doing an incredible belly dance routine at two am at the swimming pool at the kingdom compound soon after 9/11. We stayed and I served out my full tour. My daughter's school year ended and my wife's dancing career was suspended briefly to go back to Washington. I ended my assignment and ultimately, I took my retirement.

Q: Well, and now, you were there from 1999 to 2002.

KESTENBAUM: Yeah, July 2002.

Q: Okay. Before we end and you go back to Washington, Were there particular sectors or particular agreements, commercial agreements that you recall that are salient at that time that were right that you were recognized for?

KESTENBAUM: That's a good question. Where was I in 9/11? I wasn't in Saudi Arabia. I was in Washington. I had flown into Washington the day before nine ten. Why was I in Washington? Because I had been selected as the International Man of the Year by the U.S. Pharmaceutical Association, called Pharma. I have a beautiful big black granite plaque, which says man of the year and it's dated September 11, 2001. Why did I get the man of the year award? For my commercial work. When you're asking, what were our priorities? What were some of the things we did, I'll happily give you one real world and very personal, true example of what we actually do and did at the embassies.

At one point in the early 2000s, Viagra was a very popular medicine, and everybody wanted it. In fact, it was a really funny story. There was a luncheon that the U.S. Ambassador held in his residence one day for some very elderly Saudi VIPs and princes. He talked about it in his speech, when he was giving his luncheon speech, he said, oh, by the way, I have been happily taking Viagra. How many of you have taken it? And none of them raise their hands. And he says, well, I really loved that little blue pill. And they all said, no, no, it's red, it's red. Obviously it turns out that they were all taking it. We discovered they all knew what color it was because he played a trick on them. It was really hilarious. I wish I had it on camera. But the point of the story is that Pfizer was desperately trying to sell millions of dollars of Viagra in Saudi Arabia. The problem was that the Saudi government owned a pharmaceutical company, a state owned enterprise. Saudi pharmaceuticals were actually counterfeiting and producing Viagra itself. Here's the background of the story, why would the Saudis just counterfeit it and make it illegally, I mean? Well, the answer is because the Saudis had gone to Pfizer, a year or two earlier, and said, we want to manufacture Viagra as you're going global. And Pfizer said, sorry, but our main manufacturing headquarters for the Europe and Middle East region is in Spain. Our factory is in Madrid. And we're not going to build another factory or license anybody to produce it because we already invested millions of dollars in this big Spanish facility. You can just become distributors not manufacturers. And the Saudis said, no, no, we want to make it ourselves. And Pfizer said, sorry. The Saudis rather than say, okay, so I know, we'll get screwed. They said, no, we want to make it ourselves. They went and they started manufacturing it because it was relatively easy to counterfeit it. Once you figured out what the chemicals were. In order for Viagra to have gotten FDA approval, they had to have published all the testing and all these laboratories and all the chemicals, genetics, the whole thing. It was very easy to figure out how to make Viagra. It was just a question of whether you could do it commercially, and profitably or not. The Saudis basically said, we don't care if we're going to make money or not, we're going to

teach Pfizer a lesson. They began counterfeiting, and Pfizer was very unhappy. They came to us for help.

Q: As you finish the particular story of Viagra, what I'm wondering is, is this a broader problem that you ran into in Saudi Arabia, namely, counterfeiting of not just medication, but other things that U.S. companies were trying to sell?

KESTENBAUM: No, not Saudi Arabia. Because it was very hard for them to do that. But in UAE, oh, my God! That's the center of counterfeiting and has been for the last fifty years. One of our major efforts was shared trade promotion and trade protection. Trade protection is trying to convince people like the Saudis to stop counterfeiting Viagra, or in Dubai to stop counterfeiting virtually everything from Disney movies to Viagra to whatever else. So just to wrap up the Viagra story, Pfizer came to us and said, please help us. The Saudis said, screw them. Tell them to start producing it here. We are a big market. We got twenty-two million Saudis.

We went to Pfizer and said, Look, guys, set up a regional manufacturing headquarters in Saudi. They invest all the money, you don't have to put up a dollar. And it'll guarantee you this huge market for them. You shouldn't be marketing in the Middle East from Europe anyway. Your market is expanding. Try to do it on a regional basis. See if you can't do it that way because it's really in your best interest to do that. They thought about it. They said, okay. And they negotiated with the Saudis, and they agreed to manufacture Viagra in Saudi Arabia for the Middle East region. I remember all the Egyptians, and a lot of it was being smuggled out to Iran, and all those poor Iraqis. There was a huge market. We are talking twenty million Saudis followed by two hundred fifty million to four hundred million person market, where they would be able to sell it regionally. Which is why Spain wanted it so badly, to hang on to it. In any case, the Saudis agreed, and Pfizer was so happy that they nominated me to the pharmaceutical industry. Pharma said, You're the Man of the Year. Pfizer said, not only that, but we'll fly you back there, and we'll pay for your air ticket and your hotel room. I had a free air ticket and a free hotel room. I was in Rosslyn and my parents drove down from New York to attend this ceremony at the Marriott. And at nine o'clock, they were standing there, we were having the opening ceremony and they're putting this plaque in my hand. The guy comes running in and yells “a plane just crashed into the World Trade Towers. Everybody run.” I grabbed my plaque, and I ran back to my hotel. I put my parents back in their car and they drove safely back to their beach house on Long Beach Island outside Atlantic City, New Jersey. I said, go to the beach house. Stay away from New York City. Obviously, you don't want to go anywhere near New York City right now. But drive to your beach house and lock yourself in until we know what's happening. And they did. And I went back to my hotel in Rosslyn and sat there in my hotel room and watched the plane crash

into the Pentagon. Amazing. Then I had to try to get back to Saudi Arabia because remember, my wife and daughter are sitting in our house in Saudi Arabia. And we've quickly become aware that the cause of this whole 9/11 thing was Islam, and I'm stuck in my hotel room in Rosslyn, Virginia. The airports are all closed. Day after day, nobody's flying anywhere. And I'm stuck there. And I called my wife in Riyadh, she said, everything's fine here. We're okay. We're fine. So that was on a Tuesday, Tuesday morning. And I got on the first flight, it was Saturday, first flight. When the airport reopened four days later. Saturday and I flew on the first flight out to London and from London, I flew to Riyadh and restarted my life back in Saudi Arabia with my Viagra plaque in my hand.

Q: Incredible. An incredible story. But then, in the end, Pfizer did open its second headquarters or whatever its facility was in Saudi?

KESTENBAUM: Oh, yeah. The manufacturing. The Saudis wanted to manufacture. Pfizer had offices there. I mean, their regional offices in Dubai. They were in the market very much so because they were selling all kinds of other stuff. They had a huge market opportunity and range of products and services they were doing. But this was a big one because Viagra was a new product. All these Saudi men were desperate to get it on again. They're allowed four wives remember?

Q: Sure, sure. Yeah. Yeah, so go ahead.

KESTENBAUM: Anyway, that's the end of the Viagra story on 9/11. And certainly when we have talked about what were our commercial interests and activities, and the diversity of them. That's an example where the real world intruded. How much more can you get in terms of dramatic than getting a Man of the Year Award for protecting Viagra sales on 9/11 in Washington. That's pretty much the illustration of the impact that we could have in our commercial work, that nobody else really in the embassies, other than perhaps the Defense Attaché considering all the military sales and all the fact that the Middle East was always having wars going on, and still is.

Q: Let me go back a moment, to this historical moment of sort of the beginnings of the really violent terrorism and violent extremist Islamic groups and so on. During that time, the U.S. became much more conscious of and concerned with terrorist financing, including the fact that within Arab countries, and I think, within Islamic countries, there's sort of a gray market of banking, where money is exchanged in informal ways, and sometimes a great deal of money. And there was a concern, as I recall that some of the money that Osama bin Laden used for his various terrorist activities came from this gray market where money could not be followed. There were all kinds of exchange locations

where there was no banking, it was simply done in cash or in some kind of private transfers. Were you or was the embassy aware of that? And did that have an impact at all on the commercial work we were doing?

KESTENBAUM: A great question. And obviously, the answer is yes, yes and no. Yes. Huge. Black Market financing. And yes, everybody involved. But no, not me directly because I was engaged in the micro financing of business transactions and deals and contracts and awards and helping companies to negotiate a contract to manufacture Viagra. But the illicit world of finance was primarily the focus of the State Department of the Treasury Department of the Defense Department, of the FBI, and all the various other U.S. government entities that had primary focus and responsibility for engaging in those illicit in illegal and immoral activities. We in the commercial section were very useful to the various other elements of the U.S. Embassy because of our structure and our access. And the very fact that we had so many Foreign Service National local employees, who as I had explained in a previous section had been there for many years. And their whole emphasis was to engage and get inside the local systems, including the commercial world, including the banking system, including especially the black market. I had mentioned that, especially places like in Dubai, vast volumes of our entire trade, was black market. It was re-exported to third countries. I mean, the whole Caribbean is still that way today. And the black market financing is big today. And well, I mean, now you've got to be doing it through bitcoins and things like that, and crypto currencies, and which has almost no sense of government controls.

Q: Now, since I know that the end of your tour in Saudi Arabia is also when you retire before, once again, before we end following your career. You talked about the pharma award. But I also imagine the Foreign Commercial Service also gave you some awards for some of the activities you did. And in our oral history interview. So far, we really haven't talked about that part of the recognition that you got, are there moments in your career with FCS that stand out for the recognitions that you got either through award or other things?

KESTENBAUM: Yeah, absolutely. That's, again, another wonderful question. In 1997 to 1999, while I served at the World Bank, I also served as commercial service Vice President of the American Foreign Service Association, AFSA. I was elected to that by my colleagues. They made it pretty clear that I was worthy since I was going to be in Washington, and I had spent most of my career overseas, but I had done that regional headquarters Washington a few years earlier. I understood the interactions, and the priorities of both Washington, the field, the overseas interests the people overseas. To act in that way, was kind of what I thought was a very special recognition of me because I had joined in as a junior officer, first as a student intern, and worked my way up into the

Senior Foreign Service. That's not easy to do, to get promoted into the Senior Foreign Service from GS five, seven, nine, ten, eleven, twelve thirteen, fourteen to get into the senior service all in a fifteen, year period ten or fifteen year period, and then get elected to the Vice President of the Foreign Service Association, where I was there to represent all the commercial interests internally, with all the other agencies. Although, it was not really much in terms of any competition or challenge, it was all very friendly and quite cooperative. This is where we loved to interact. It was a great position to be in because they were then able to represent those interests in the interaction of the other agencies and communicate to them where the priorities are where they weren't doing the job. Wake up guys, we need to do more of this.

But fortunately, that's not an area that the commercial focus was engaged in because that was, again, more of a macro economic, structural, systemic policy focus, not on the specifics of did somebody win a contract or not, get a job or make a dollar. I mean, we acknowledge that the focus is very practical, and fairly narrow in the priority of making deals and seeing people win contracts. But in the U.S. national interest, it was neglected largely by this system from post World War Two onward, until it became such a crisis that they had to create a commercial service to begin with, but that really is only one of many U.S. government priorities between political security, military, and social. The good part about being American is that we are in everybody's world all the time and everything they do, whether it's TV, or movies, or cinema or music, or art, or transportation, or cyber or I mean, you can't find an aspect of life today, that is not engaging something American somewhere in a global aspect because we are so interrelated now. America has become so centrally part of that whole global system. It was nobody's priority to trade the Chinese currency, not when they can get a dollar. That's not going away, no matter what the Chinese want. The U.S. presence in world markets has become even greater, more central and integral in financial infrastructure. The integration of global marketplaces is very real. It really is a one world currency market today. Much more than ever, in that concept. So, yeah, the black market is still very real and expansive. But remember, we've done a pretty good job of cracking down on extremes. In the Islamic world that took off from 2010-2011 onward with the revolt and Syria and ISIS and then there was one ten year crazy period. 2011 to 2019, basically, until we wiped them out.

Q: That's great. So you were FCS vice president in AFSA from 1997 to 1999.

KESTENBAUM: Right. And that's when I went overseas to Saudi Arabia and had to resign that position because you can't be overseas. You have to be in headquarters.

Q: Well, let's go back for a second then in terms of this position as FCS vice president at AFSA, what were the key activities or goals that you had with the board? How do you recall that?

KESTENBAUM: Well, actually the board at AFSA was a very friendly entity, and very cooperative. They understood because they were all people who engaged in the international arena, in one form or another. AFSA represented all the agencies, so you had an Agriculture attaché who was there, and you had Treasury officers there. They represented the diversity of interests. And therefore, aware of, and respectful and supportive of those diversities because they needed their own to be respected, and accepted and prioritized. The agriculture attaché for example supported the Commercial program. The last thing they would want to do would be to minimize the commercial attache's importance because that would then reduce their own role and importance and priority position too. We had a mutual association in that context. It was much friendlier as we shared objectives..

The real problem we had, to be honest with you, was internal within the Commerce Department. The Commercial Service had been created as an external entity that had been imposed. Commerce hadn't wanted it in the first place, really. They didn't know what to do with it, they certainly didn't know how to run it. It did disrupt all the human resources and personnel, and the whole system because all of a sudden, we had these foreign service, black passport officers who were living overseas, and had very different perspectives and lifestyles and priorities and a whole personnel system that was very different. We tried to integrate it with our domestic field offices. Remember, we talked about that, and how it failed miserably. We couldn't get all those domestic field officers to go serve overseas, and we couldn't get these overseas officers to agree to serve domestically. We didn't join to serve in Milwaukee, we join to serve in London, or Riyadh. They said, hey, we got a position in Milwaukee opening up. Our response was send somebody else, I don't want to go to Milwaukee. I'm sorry about Milwaukee, I didn't mean to just pick it out on the top of my head, but wherever. The point is, that being international with languages and cultures, and having spent a lifetime to qualify to get those positions, which were very highly competitive, to say, okay now, I just finished eight months of Arabic or Indonesian language training, and you want me to go to Idaho? No, no, wait, I want to go to Jakarta, Bali, Sumbawa.

There was a serious dislocation. We couldn't get the domestic field people to go overseas, and we couldn't get the overseas people to go domestically. The systems didn't want to cooperate. And particularly, the overseas system didn't want to give up its unique role and hardship allowance. Most of the posts overseas had hardship allowances, that meant that we'd get 5 percent, 10 percent, 25 percent additional salary, free housing and certainly

income benefits for being overseas. You better believe that the domestic team of officers resented those foreign service officers and the sudden knowledge that there was this new higher stage of elite element of people with languages and global cultures and senior positions and international experiences and amazing stories to tell about selling Viagra to the Saudis and the degree of resentment and jealousy and obstruction, even to the extent of obstruction was so real and has been, and then that's the domestic field office.

Think about the headquarters profile. All the people were in the GS system in Washington on fourteenth street. All of a sudden all these GS people see all these foreign based Charlie's walking in there with black passports, flying in from overseas and talking about hosting ambassadorial featured luncheons, Viagra promotion, and belly dancing at midnight in the palace. All of a sudden, this whole group became very much an alien entity that was not really understood at home and certainly not welcomed. We could not effectively integrate ourselves into the Commerce Department because there were 32,000 people in the Commerce Department. Only a hundred and eighty of them were in the Foreign Commercial Service and 31,820 or whatever, who hated them and wanted to get rid of them, and thought they shouldn't have been there in the first place, because it was suddenly this foreign entity that was imposed on this big domestic entity that had limited global presence or engagement.

Q: Right. Are there particular examples that stand out in your mind of what you're describing?

KESTENBAUM: That's a tough one. I haven't really given that much thought. But I just say that we tried to integrate and engage the domestic field officers. We wanted a delegation from Detroit, in the automotive sector, to go to a trade event in Japan. But for the Detroit domestic field office, it wasn't their priority to take a delegation to Japan, their priority was to export and have global people invest in Detroit. We had serious conflict of interests and lack of overlap and commonality with the domestic field offices. And we wanted them to participate in big trade events. Exhibitions and shows-- Dubai 2020, or whatever, we want the delegation to come from California to bring it and they're doing it now, the chambers of commerce are doing it effectively. That's why I was so proud of having established several of the chambers of commerce, the AmChams, in these big regional markets, because we set up third party infrastructures that were independent of the Commerce Department, independent of the government, and much more directly market focused. The extent that we at Commerce and the commercial officers engaged a network of marketers, and a team of people and companies and entities like chambers and business groups and third parties that were focused on specific business opportunities. That was our world again. Our incredible authority and power within the embassy was that we had these amazing depths of structures and networks. We use every element of

business and life to promote our commerce. We used sports diplomacy, for example. There were lots of stories of that, sports diplomacy. I talked about how I was helped by being on a soccer team. How I had met with Prince Ali, who scored the winning goal against me when I was in college. He ran into me and Dubai and I went to the game and everybody saw me on TV, and everyone asked, who is that guy, oh, he's an American who plays soccer, and he's a diplomat. Ali scored that goal against him. And within a matter of months, I was the most well known American diplomat in the Middle East. I hadn't been there for but a few months, and had hardly been out in public. But the one public thing I did was on TV, and everybody in the world saw it. So that's sports diplomacy.

By the way, I formed an American Embassy soccer team in Abu Dhabi, in which we played against all the other embassies and I had as my star striker, star goal scorer one of the Abu Dhabi princes, who became the Ambassador to the USA. His father was the UAE Minister of Petroleum for twenty-five years and talk about a connection. How about having the Minister of Petroleum's son on my American Embassy soccer team? Okay, talk about using sports diplomacy to access the Minister of Petroleum personally on a one to one, face to face first name basis. Hey, Sheikh, how are you? Hey, Charlie, how's my son doing? Oh, he scored a goal last week. Honestly, sports diplomacy in promoting marketing, embassy, U.S. government, and of course for me, parochially commercial interests. They're all the U.S. government, U.S. Embassy, but for me, specifically my priority commercial interest was accessing the Minister of Petroleum. So next time he goes and buys a refinery, he buys it from an American company, not Japanese or Italian or German. That's the idea. And how I did it because I got his son to play on my soccer team.

Q: Extraordinary. I just want you to go back for one minute to your tour as the FCS vice president in AFSA. AFSA is about to have its one hundredth anniversary. And we've been talking to various board members over the time, talking about the development of AFSA as a representative, are there any other memories that you have from your time in AFSA where you represented FCS and something was accomplished or some needs of FCS officers were met?

KESTENBAUM: Actually, no. Probably the opposite. My experience as an AFSA rep for the Commercial Service was that we were considered less than marginal in terms of our impact and our importance. We were new, we had been imposed, and we represented fairly narrow interests in terms of the broader Foreign Service, and global interests of America. As I had said, between politics, culture, language, art, music, military, all the various things Americans engage in globally, my focus was the American commercial interests. And remember, this is very, very important to understand, I want to emphasize

this because I haven't said it enough. The American system is free enterprise. I really haven't mentioned that. But we promoted free enterprise, we promoted competition, we promoted real markets. That meant that people would get the best product for the best price, the cheapest price for the best product. And we represent those ideals of free market open competition, and let the buyer win, the market win. That's the American philosophy. And it's very different from most of the rest of the world, as we've talked about, over and over about how foreign companies and governments distorted competition in order to gain advantage. Yet we want to emphasize for the Foreign Service for the AFSA record, American interests were very obviously clearly American. That meant the world free market and openness and honesty, and competition, and let the best company win. But that's not the way the world worked. We've talked about this over and over. But the majority of our effort in a commercial service overseas, was to find ways to fight and protect that free market against the distortions that our competition was always imposing because they didn't see it the same way. First of all, many of them weren't into democracy in the first place, and very few of them actually had elected governments that people elected. Remember, if you don't vote, you're not a citizen, you're a subject. There's a very different personality and profile of a subject and the structure of that system. And obviously, in the economics of it, as well, but the politics even more so. But we were in this global competition. It's really at the center of this process that we were trying to engage and promote. Priority was to support and sustain free markets and free open competition and the best interests of the world.

So that was our philosophy. That is our philosophy. But obviously, there's the trade promotion and trade protection, and we engaged and paid fifty-fifty in that regard. In some places, in many places, it was ninety percent promotion and 10 percent protection. That would probably be in London. But in Saudi Arabia, its trade protection or in Dubai, the trade protection is fifty-fifty, because there's so much of the other, illegal, immoral, and otherwise improper going on, as you mentioned, about the Islamic financing and terrorism financing. That went on across the board. You had the whole Iranian government, the whole Revolutionary Guard, the whole Iranian economic structure, under sanctions since 1979-1980, when we imposed them.

We're talking the year 2000 here, so for at least twenty years, we've been trying to impose those sanctions on Iran and trade protection. Imagine the volume of activity and business that was going on and identifying. I did mention that, for example, though, as much as 75 percent of all the goods going into Dubai were re-exported, and a large percentage of them ended up in Iran because Iran was such a large market. Eighty million Iranians, and they'd had billions of dollars of oil money, and they'd been an American colony since 1947, or something thirty years or more of being an American colony with the Shah. And all of a sudden, the whole thing turned upside down. I told the story about the American

seedless watermelons going through Iraq, to Tehran. I told it purposely to illustrate the depth of American engagement in the Iranian market over three decades. Everything they ate, drank, and wore was American, including the seedless watermelons. So that kind of a depth of interaction just doesn't turn on and off. And it's very hard to control.

Q: Speaking of these sorts of disruptions for a while, U.S. companies, at least in China, now I know you didn't work in China, but you certainly saw the development of U.S. Commerce with China for quite a while, U.S. companies that had intellectual property or computer science parts operated in China, and shared the restricted company information as a requirement with China in order to have access to that giant market. They made the decision that the profits they were getting were worth the loss of whatever the private corporate information is. Did you run into those sorts of choices with American companies in the areas you operated? In other words, they were willing to share that proprietary corporate information in exchange for how large the market was and how big their profits were?

KESTENBAUM: Not my engagement in that way, because the markets that I lived and worked in, whether it was Abu Dhabi or Jakarta, Riyadh, Cairo or anywhere, they were all pretty much just principal markets as such. It was just basically competing to sell there or invest there. So not so much. The real enemies were the Asian industrial countries, and to a smaller extent, Europeans as well. Germany or the Italian companies. But primarily, it was Japan, number one, Korea number two, and ultimately then onward, China became the big one, as Japan faded in the 90s. Korea took over and became our biggest market competitor in terms of industry, and manufacturing. But ultimately, China in the 90s. It was the key China growth period and where Japan was pushed aside and went into recession.

Q: One other sector, I don't recall you talking about very much, is the U.S. agricultural sector. Now, of course, we have Foreign Agricultural Service Representatives who are, among other things, trying to promote U.S. agricultural exports. But were there also activities you did with agricultural reps to promote that kind of thing?

KESTENBAUM: Yeah. I wouldn't have thought about asking that. But that's really an important question because the truth is that when they formed the Foreign Agriculture Service and the Foreign Commercial Service, Washington had to figure out who got responsibility for what, and in that division, they came up with a division that Foreign Agriculture Service was responsible for the actual produce, and the Commerce Department was responsible for the actual machinery. The agriculture attaché was responsible for selling U.S. rice. I was responsible for selling Caterpillar tractors.

Our territory was the hardware and the machinery, processing plants, and factories, but ideally, our harvesting machinery, farming machinery, greenhouses, all that various machinery and technology that went into agriculture. Now, that meant that we had significant overlap in terms of who we were approaching and trying to sell to. Therefore, we had to be very careful because we didn't want to undercut our colleagues, or make ourselves look stupid and show up, oh, yeah, the agriculture is over here. Charlie, what are you doing here? Joe Smith was here yesterday, selling me agriculture. Now you're trying to sell me a Caterpillar tractor? Don't you guys talk to each other? That's where country teams became valuable and essential to proper interaction. You'd have a weekly country team meeting. In some cases, there will be daily meetings, generally, the deputy Ambassador, DCM would manage these interactions of interagency groups. So, a really good DCM would use the country team to engage these interagency dialogues as to who is doing what, who was seeing home, who was marketing, what priority, and therefore, who might be able to help somebody else, or get out of somebody else's way. As I say that, the one thing you don't want to do is show up and find out that your colleague was there the day before, and you didn't know it. And he didn't know you were going to come the next day, because he could have done for you what you were going to do that day. It wasn't just, he got in your way. But the idea is that you could have used him more effectively. You could have been a team instead of working to separate priorities in competition. Isolation is a better term. I wouldn't necessarily call it competition but I would certainly call it isolation, that so the more we interacted embassy country teams, and the more officers were willing to share what they were doing, the more that was it really important in terms of being able to be efficient, and achieve the mission results, not just your division, your agency, but the U.S. embassy mission result.

I might mention that we won't get into that here now. But the whole complexity of how nine eleven was never discovered, and not worked out within the elements, within the embassy. The country team, which I was on. There was a terrible, terrible disastrous lack of cooperation in the broader embassy, that is well known and has been documented. We won't go there today. That's the worst result, when people don't share information enough and that ends up in somebody dying. In my world, it only resulted primarily in losing jobs, losing business in making less money, or going out of business, even as we mentioned, with what happened to Lucent Technologies when Huawei put them out of business by stealing the product, the technology and then undercutting them. Eventually, we'd have to give it away for free if we wanted to compete because that's what the Chinese were willing to do. America didn't understand that until fairly recently, that degree of competition and how the Chinese played by different rules, because it wasn't a fair free market, it wasn't a democratically elected government. It wasn't a private sector, private enterprise priority, the way Americans believe and engage in. Back to that same process, again, the concept which is we believe, and we try to engage in free open

markets and competition, and let the buyer get the best product for the best price. And if that's mine, good, and if it's not, well, then I gotta get better at it. But that's not how marketing works in the competitive global market.

Q: Now, since we're getting to the end, then of the period of time you worked at the Commerce Department. Are there any reflections or insights you'd like to conclude with in that part of your career, in terms of maybe recommendations to the Foreign Commercial Service and how they might work better or any other aspect of the work you did?

KESTENBAUM: I would say that there's two things I want to add. But I wanted to say something really important for the record here. Why I left the government, when and how and why. I took early retirement, I was age fifty and I had twenty plus years of service. At fifty/twenty, you're eligible to take early retirement for partial pension, which you start getting immediately. But it's much, much, much less than the full pension that you would get at age sixty, or sixty-five, whatever it is twenty-five and sixty. The idea being that, economically, you have an incentive to retire because you still get a percentage of your pension. Let's just take a number for the discussion. Say you're earning 100,000 dollars a year, and you would take an early retirement after twenty years at 2 percent. That's 40 percent. You would retire and you would be getting paid 40,000 dollars a year to sit at home, that's your pension. If you stayed in for the full thirty years at 20 percent, then you would get 60 percent. And that would be 60,000 dollars. By retiring early, you would be getting less of a pension but you're younger and free to do other things to engage in other ways. Other jobs and careers.

In many cases, commercial officers, many of them take that early retirement because they are aware and capable of going into the private sector. In fact, one of the failures in my sense was that I wasn't really thinking and preparing to take early retirement and get out. Therefore I didn't do the proper planning of what my next career would be. It was a sudden, unexpected retirement. And I'll tell you the main reason I took a sudden unexpected retirement was because of the Neocons. After 9/11. The Neocons came into power, January 2001. They started immediately planning to overthrow Saddam Hussein and take over Iraq. And I was on a committee back in that early period '99 to 2002. Even though I was in Riyadh, I helped serve on a committee that had something called the future of Iraq project. And what happened was the State Department was leading a seventeen agency government entity group that was planning to overthrow Saddam Hussein and take over. The future of Iraq was the project of what to do the next day, when the U.S. troops arrived. The future of Iraq was this enormous project with 1,000s of government employees and millions of hours devoted, and these entire documents of what to do, the day after U.S. arrived. What we would do to reconstruct Iraq's ministries

of commerce and trade and finance and all the state enterprises would be privatized, and how to privatize all the state enterprises that had grown up during the Central Government, the Baath party, which was a very internal centralized government. There was no private enterprise in Iraq in those days, none. So how to privatize. This whole future of Iraq project was put together, and I hoped to participate in it. I helped the Washington headquarters participate in it. Then we discovered that the neocons weren't going to do it. And they were desperately planning to invade Iraq. I couldn't be part of that. It was also the concept of Israel and the Zionist movement. I just couldn't be part of it in that administration, and be out there in the market, in Saudi Arabia and representing them, because what they represented was something I didn't accept or believe in. Which was ultimately, Israeli Zionism and this whole destroy Saddam and then the whole myth nonsense of the Middle East. I retired and quit rather than be part of that whole process. I'm very proud and glad that I did, because as it turned out, I joined a private consulting firm and our focus was exactly that, Iraq.

We teamed up with some Iraqis who were very connected to the intelligence world. Saad Al Janabi was our partner. When the U.S. actually sent the first missile into Iraq, to blow up Saddam Hussein in his palace, the guy who actually stood there with the laser gun targeting so the missile would go and blow into Saddam's window, the guy who stood there was our Iraqi business associate. That's how closely we were working. I was doing, obviously the commercial side, to get the business thing going. But we had other people who had worked in other U.S. government entities. The tragedy was, of course, the story is that Saddam left the building ten minutes before the missile arrived, and they couldn't call the missile off or pull it back, because it was too late. It was already out of control and on its way, and so the shock and awe was what they called the U.S. military missile attack on Iraq. However it should have been postponed, should have been called off because it didn't get Saddam.

Unfortunately, literally my business associate was the guy standing there holding the laser. So that tells you about where I went, after I retired. I went into private consulting business mostly commercial work, but it was very much helping the Iraqis try to get free. Again, the point of the story is that I went into Baghdad, and my associates went into Baghdad, to help restart the Iraqi government. And what we discovered was that the U.S. had thrown the whole future of Iraq project into a wastebasket, into the trash can. When U.S troops arrived, and the Coalition Provisional Authority, the CPA, opened up its first office, which took them weeks, weeks to do that. But when they finally did, they had no idea what to do, how to do anything because the whole project was thrown away. There was no plan, how to restore Iraqi oil production, how to get the electricity power stations running again. The Iraqis came to us. I mean, my Iraqi associates, including a former four star general from the Iraqi military. He came to us and he said, Charlie, please tell

coalition, tell Ambassador that you have six months and if you don't get the power restored, and the airport's up and running, and the industry up and producing again, within the next six months, we will lose faith that you actually came here to help us and to free us. In fact, what we will be pretty much assured of is that you came here to oppress us, and to take advantage of us and to make us weak and helpless. And if that's the case, we will revolt. We will turn everything against you, because we're not going to accept that. We invaded in late March, early April 2003. A month later, they came to us and said, you've got six months. By December, if the power wasn't on, they were going to revolt. And in December 2003, there was no power. And the revolt began. I went there in February 2004. Abu Musab al-Zarqawi the head of ISIS, al Qaeda's guy, Osama bin Laden's deputy, actually called my Iraqi partner on his cell phone and said, I know Charlie's there, and we're gonna get him again. We will end the story here in that regard, because I'm not in a commercial service anymore. But they didn't give up on me. They were still trying to get me even after I retired

Q: Incredible.

KESTENBAUM: I'm still here.

Q: By the way, the whole Future of Iraq project was something I studied in 2008-2009 at the National Defense University. By that point, much of the documentation was already public and it became part of a course that we did on nation building on resourcing the U.S. military in situations like that and the new activities, either diplomatic or assistance activities that the U.S military had been taking on in Iraq, even as we had an embassy even as we had a USAID presents and so on. The unusual situation of both the civilian agencies working to rebuild Iraq and the military being out in the field trying to get Iraqis to cooperate with us on all of the security issues.

KESTENBAUM: It was too late. Years too late. Years.

Q: Yeah. And I simply wanted to mention that it had become a subject of study.

KESTENBAUM: I'm delighted to hear that. That's very important. Because we spent millions and millions of dollars and thousands of hours of time, looking at the entire structure of what Iraq had become as I say, state enterprises, and government controls, and all of that, and then how to go through it, and privatize it sector by sector, whether it be agriculture, or power, or water, or industry, or transportation. How to privatize Iraqi airways, trains, railways, rail lines, all of that, the whole thing. I mean, the entire society and entire economy, from A to Z. It was really well done, because it took a lot of people, some people like myself that had been in Iraq, hopefully many of them, had lived there

and had worked there and knew the complexity of the situation that after twenty-five years of Baath party autocracy, that there really was no capability in people's minds of how to be a private enterprise, how to set up a company, how to compete fairly and openly because everything had been so completely state enterprise controlled, that when time came to say, Okay, now how do we privatize this industry? Nobody had a clue how to do it. The U.S. wasn't because we had done our homework, but we had thrown the homework in the trash can, when the coalition CPA arrived, and we were not prepared and ready to actually engage with what to do and how to do it. The Iraqis all stood there and said, What do we do and the Americans said, I don't know. What do you think?

I mean, literally, I actually went to some of those early meetings in May, June of 2003, when the U.S. began for the first time interacting with the Iraqis that they had become a team with and said, okay, hey, you're the head of the power sector. What do we do? How do we do this? And he replies I don't know, we buy through our government system through the state enterprise. And we have a procurement system. And now you've just shut it down. And everyone's gone home. There is no procurement system, there is no structure. Everything in our powers, authority is closed. How do we restart it? As a private enterprise structure, we don't know. We've been running this as a state enterprise for twenty-five years. And you're telling us we have to privatize, we don't know how, none of us have. We've all been here, our entire career has been in a state enterprise. Tell us what to do. Form a committee. Well, I'm sitting here on a committee as an American private business executive, to try to help them and there was nobody there from GE or Pratt and Whitney. Why not? Because GE and Pratt and Whitney weren't contracted by the U.S. government to come out there and do it. Because U.S. government had not thought of it. I mean, they had thought of it. But they've given it up and thrown the whole process away. We'd thought of it. Of course, we said, you're going to need Pratt and Whitney, you're going to need GE, you're going to need this, you're going to need that. Here's how you're going to do it. And you're going to go in, and there are six power stations. There's one in the north, there's two in the center. There's one in Basrah. There's one in Kirkuk.

We had studied the power system in Iraq, where every station was, what its capacity was, what its system was, what its fuel system structure was, where it provided the electricity too? Who its users were. And we had the whole Iraqi electricity system, planned out on maps with details with this, and the whole thing was thrown away. Iraqis had no idea what to do. The CPA that sat down with them had no idea what to offer them and didn't tell them what to do. It was such an absolute hopeless mess. We gave up and left. Then, I came back in February 2004 and ISIS says they're gonna kill me so I gave up on Iraq that day, just refocused my efforts to the other markets and other activities. I never did a dollar of business in Iraq since February 2004. I have not been back and I have not done a

dollar business in Iraq since then. Which tells you how badly the U.S. failed. Because if I'm not doing business in Iraq, who is? I was there in 1985.

Q: All right. So you're out of government. And you mentioned why you left. But once you left, did you continue to have connections with the Foreign Commercial Service in any way that was important for you?

KESTENBAUM: Well, yes, to the extent that, wherever I conducted my business activity in the global market, I would obviously and immediately access the Commercial Service, inform them of my business activities and interests are or were. Maybe they might be able to do something, but at least at a minimum, they need to be aware, because they can only be as effective as their knowledge of their market. The more info you can provide them, even if it's not directly specific to your immediate needs. I'll give you an example. I'm doing that now. I'm working with a flying car company. You can see it behind me, right? Aeroauto, right. Aeroauto is a startup company that's going to become a dealership for flying cars. We want to become a global player. So they're headquartered in Florida, down in the Miami area. One of the areas they want to initiate business opportunities is in the Caribbean, and in South America. When you think of flying cars in Miami, Orlando, you think of the Bahamas, and all those islands and Nassau and all those wonderful resorts and how perfect a flying car business would be for those islands, inter Island transport.

So what have I done? I've engaged Aeroauto with the U.S. Embassy commercial office, and informed the U.S. Embassy commercial office, who Aeroauto is and what they're doing, and what the market opportunity is, and how it will have an impact on both U.S. exports and sales and jobs and economy. And how important it will be for engaging the Bahamas economy and expanding its opportunities and its tourism. And its jobs and its business and its modern green, environmental health. Everything about this company is in the U.S. government's interests to support and promote. We have made contact with the U.S. Embassy in the Bahamas. They were very enthusiastic. And we are having a Zoom call with the Director General of Civil Aviation in the Bahamas. We will engage with the Director General of Civil Aviation in the Bahamas early next week. The U.S. Embassy commercial section will be invited to dial in and listen and observe. Therefore they will be able to gain the full briefing of what our client company is doing and what the U.S. embassy's interests can be and how they can support American economic growth and expansion into this beautiful, incredible new market opportunity. Supporting new technologies, and engaging with a global international market in development. We're still doing it to this day, literally.

Q: So just one question about Aeroauto and this company that you're working with. Do you have a working model or is this the startup that you're doing?

KESTENBAUM: It's a startup and the working model is there's three hundred companies that are today, all around the world, inventing and building all kinds of new flying vehicles. It's called Advanced Air Mobility AAM, Advanced Air Mobility is the concept and the term is VTOL vertical takeoff and landing, VTOL or EVTOL which would be electric vertical takeoff and landing. So you're gonna hear a lot about VTOLs, and you will hear about AAMs, and you will hear a lot about verticals in the future, which is a vertical port at the airport, which is instead of runways, 6,000 foot runways, you will have just a little platform for take off and land up and down.

You're going to hear about all these new terms that are going to be coming out in the next couple of years as this new industry grows. But there's three hundred companies all around the world that are making these things all the way from one person equivalent of what is today a motorcycle, with not even a cover, or windshield, all the way up to hundred passenger vehicles that like an Airbus A380s or Boeing 737s and will be able to take hundred people for up to five hundred or thousand miles, at five hundred miles an hour or whatever it is. There's all these new technologies that are being developed. Some of them are going to be for police and military, some are going to be for emergency evacuation. For ambulances, instead of driving an ambulance or flying a helicopter, you'll be flying ambulances, VTOLs and of course you have cargo, so you'll be able to carry cargo. Generally, we're talking high value cargoes, perishable cargo, because otherwise you can put it on a train or truck, cheaper. There's specific market opportunities for all of them. And what Aeroauto is doing is it's going to become a dealer. When you buy a car today, where do you buy a car, you don't buy from General Motors. You don't buy it from Toyota. You buy it from a dealership, you buy it from Stohlman Subaru, or you buy it from Jones Automotive, or you buy it from Arlington Automotive, which is all private. Dealerships are all private. None of the manufacturers own or operate dealerships. They don't sell cars, and they don't operate them. When you learn how to drive a car, you have to go to a Driving Academy. The same thing with flying a helicopter, there's air academies. All these things are all part of the same structure and system going forward. What we're putting together is the dealership, we will be the dealer, you will be able to come into our dealership and see the various models that are for sale. There'll be smaller ones and bigger ones, there'll be the biggest ones. And then we're not just going to operate the dealership. But if you have a dealership, you have to be able to fly it and service it. We are working with air academies to train pilots and we're working with the air academies to train engineers. With our dealership, every flying car that we sell and service, we will also have engineers that are trained in servicing. We will have service centers. The vertiport will become a major service center. And then there will be smaller

hubs, flying vertiports that just have Power Charges, you can't actually service the vehicle like you do like a car today. In your driveway, you don't really service your car, maybe change oil. But where do you take your car to serve you? We take it to a garage. Vertiports will become flying car garages. We will operate those garages in cooperation with the companies that actually manufacture the flying cars because what's the point of having a garage if you can't service the specific car, the garage has to be built around the cars that they are servicing. I mean, everybody has different vehicles. All wheel drive cars, for example, are serviced differently than two wheel drive, front wheel drives and all that. Every service has to be specific. And this will be the same thing. Aeroauto will become the equivalent of your car dealership.

Q: Alright, so this explains what you're doing now. But looking back a little bit before this. Were there other interactions post retirement that you had, in terms of whatever the consulting work was, or anything else with foreign commercial service? In other words, did they ever ask you to serve on a board or a committee that made recommendations or anything like that?

KESTENBAUM: No, no, basically I went off on my own. I kept in good contact with everybody, headquarters, field officers for sure, especially in the countries where I was engaged, but effectively, not really, they didn't really need me that way anymore. We've kind of gone through the complexity of the internal system, where the domestic field offices and the Foreign Service element and the competition and conflicts and the lack of cooperation between the two entities and how Washington headquarters never really understood or accepted the foreign presence as really a central part of it. It was always sad that the Secretary of Commerce was so much more domestic oriented and not really focused much on international.

Although, as we've said, who did the Chinese just hack? Gina Raimondo, Secretary of Commerce and her inner team, foreign commercial service officers. It was me, my counterpart, my successors. Why are they hacking Gina Raimondo, and the Commercial Service as well as the State Department? Why they hacked the State Department is because they're controlling the communication system of the embassies. Any communication between Gina Raimondo and the field overseas goes through the State Department? If you are China, and you want to hack into the American competition, market, economic commercial world, what do you do? You hack Gina Raimondo, you hack a commercial service, and you hack the embassies, the State Department system. That's exactly what they did. Maybe they also got Treasury or wherever else they might have gotten econ officers at State Department because of their role with policy. But do you not find it symbolic? Instructive, that less than a month ago, we discovered that the

Chinese are hacking into our system and the people they're hacking are their commercial competitors, us. How much more messages do we need?

By the way, one more thing, just between you and me, I've been in touch recently. I was introduced only recently to a new organization that I never heard of. It's called the Institute of World Politics. And what they are, is a Graduate School of national security, intelligence and International Affairs, graduate school. Master's degrees and PhDs, national security, intelligence and International Affairs to get dedicated to developing leaders with a sound understanding of international realities and the ethical conduct of statecraft based on knowledge and appreciation of the principles of the American political economy and the Western moral tradition. Now, that's basically everything we've been saying here today about free markets and competition and voting, and picking your governments and all the above, okay. All right. I looked at their curriculum, I looked at their faculty. They still don't have Charlie in there. They don't have anybody who actually has real world commercial competitive experience and knowledge. And they don't have curriculum, they should at least have a guest lecturer to do a one hour or a two hour presentation on how the commercial market works and the things that we've just discussed. I can tell you, what I'm going to do is I'm going to give them this copy of our transcript and say look, here's your curriculum, guys. Here's your whole goddamn curriculum. Right here, get going. And in fact, I reached out to them. And I told them, I reached out and I said, hey, I was just introduced to you guys. I looked at your curriculum, I looked at your faculty, it's absolutely extraordinary. You're truly unique. Outstanding. However, if I might be so bold, to step up here and embarrass myself, but there's a market you're really not accessing. Look, who did they just hack, Gina Raimondo? Why? Who did Osama bin Laden decide to kidnap? I told him the story of when they were going to kidnap me from Saudi Arabia instead of the Ambassador because they couldn't get the Ambassador? And why did they decide to get the Commercial Officer because he was the most important person in the American interests in Saudi Arabia, in the market in the global competition? And they don't have anybody who's actually addressing that, in the world of diplomacy, intelligence, competition, commerce, all the foreign affairs that this institute is supposed to be generating the future diplomats and future people in a competitive world. They are focusing on basically yesterday's market, not today, and certainly not tomorrow. Because China just showed you who the market is. Ask Secretary of Commerce Raimondo. So there's that story. And it's actually a fascinating thing. We will see where we go with it.

Q: And I do want to ask, given what you've been saying up until now, you had mentioned, but only in passing the notion that perhaps it's time for the Foreign Commercial Service to go back to the State Department. Since you've described how much friction there is

between, within the Commerce Department between an international function and a domestic function, do you think the Foreign Commercial Service should go back to State?

KESTENBAUM: No, and for the very same reason that it was created in the very first place. I think the range of priorities and tasks, objectives that State Department has to be responsible for is so broad that there's really no way effectively that they can do what's needed in the degree of expertise, and specialization, that the current world requires. Maybe fifty years ago, state economic officers could do that. But not anymore, not today. And frankly, jack of all trades master of none, but State Department's current and future best modality of its mission is to coordinate everybody else and to put it in context. They have a sense of balance, so that one priority doesn't outweigh the other priorities and cause national harm. I told the story about how when we were trying to compete for a satellite launch in Indonesia, and how the embassy country team wouldn't let me tell the Indonesian government that the Chinese rocket had failed, because they were concerned about the impact that would have on other agencies and government entities and priorities. And that the commercial interest was not as important as those other government entities and agencies priorities were. Therefore, they were not going to countenance or allow me to engage in supporting American interests. And if that's the case, and that's their priorities, then there has to be a sense of different power centers. I need that degree of independence, to be able to not ask for permission, but for forgiveness, as the saying goes. What I ended up doing was innovating, finding other sources of access to the information and ways of communicating it and getting the message done. So that McDonnell Douglas got the forty-four million dollars launch. Pete Conrad was there to waive it on its way into the sky. U.S. interests were sustained and maintained at the priority they needed to be, even though they were entities and agencies within the government that didn't have those priorities and were actually working to prevent them from being achieved because they were seen to be in conflict, and therefore less priority.

That's still today, that's still today for sure. Let's be very, very clear about that. To a great extent, it's because of who we are. It's that we are a free market, that we believe in competition, that we believe in less government, less government is better. You can talk about American politics today, but there's certainly a lot of that going on, about how people are believing that government is by its nature inefficient, or even evil potentially but at least inefficient. It generally is inefficient compared to the free market, because the government's objectives are not being competitive and not being profitable, and not being maximum efficiency. That's what business is. We have private enterprise in America. An American deeply believes in his business, in his free enterprise, and the whole governing system of freedom and being able to make choices. That's in a deep competition with the rest of the world. And even more so today than it has been the way we were hoping the

world was the end of the Soviet Union and communism in China and all the free markets in Vietnam and all the things going on. And yet that is not what's happening in the world today. Nor is it even what's happening here in America to an extent.

Q: After your retirement, were there other examples of your ability to get into markets using the skills and talents that you acquired and I guess the network's as well, while you were in the Foreign Commercial Service?

KESTENBAUM: I've been in this business for twenty years. I can give you one example of how that capability of having the expertise and the access that commercial service had is very special and unique. It was in 2011-2012. I was contacted by an intermediary and asked to help an American company. I can't use their name. I swore and signed a nondisclosure for an American company that was competing in Saudi Arabia for a twenty-five billion dollars massive petrochemical, hydrocarbon industry development in the eastern province of Saudi Arabia with Aramco. And they were going to invest tens and tens of billions of dollars in a huge series of facilities that were going to be twenty-five years in the making and the operations and what the company was looking at, as they were saying, there's a tremendous conflict going on. The Arab Spring, and the overthrow of the regimes. The regime in Libya has been overthrown, Gaddafi has been killed, and the old regime in Egypt has been overthrown by the Islamic government. Mubarak has been overthrown. Everywhere we look, the Islamic elements are taking over and in Syria, look at what's going on in Syria, that nightmare of violence. We, as our corporate structure, need to look at this and determine whether this is a degree of risk that's beyond our ability to or should be looking at now. They decided to call in a couple of experts to help with advice. And they called in three people. They called in the guy named Tony Blair, former Prime Minister of England, they called in a guy named Anthony Cordesman, who was a former Deputy Secretary of Defense and president of the CSIS Center for Strategic International Studies. And they called in Charlie Kestenbaum. They loaded us onto a plane, a private jet and flew us out to the corporate headquarters. And they held this corporate board meeting. They were twenty-four board members. They're flown in from around the world, global company. And they then proceeded to have us give them presentations on what was going on in the Middle East. What was the degree of risk. And Cordesman was there to talk about military. Tony Blair was there to talk about the 30,000 foot political situation in the whole Middle East. Governments being overthrown and who was going to replace them and what to do and what the situation was in Saudi and all of that. I was called in to talk about it from the commercial side, the degree of risk and what was happening in the marketplace. And the fun part of it was they asked me to go first. Imagine telling Tony Blair to sit in a room and wait, as they wouldn't let the other guys hear what I had to say because they wanted it

independent. I'm in there briefing the board of this big global corporation. And there's Tony Blair sitting in the next room waiting to go on.

I'm holding up Tony Blair, and my forty-five minutes are up. And I say, hey, my forty-five minutes are up and Tony Blair's waiting and they said, we're not done with you keep going. It's really fascinating. One of the people who was in there was a woman. And she said, Charlie, why would we invest our money in Saudi Arabia, that misogynistic male chauvinist way they treat women? I mean, why would we invest a dollar there? And I said because we're trying to encourage them to modernize and become more like America. The best way to do that is to engage America with them more and more, not less. And I said to her, let's look around the room here. Twenty-four board members, how many of you are women? Four. I said, do you think you are equal woman in this room here today?

America has gone further ahead than Saudi, but we're all in this transition at some stage, that we're four out of twenty-four, or zero out of twenty-four. But in a few years, if you work with them, they'll have four out of twenty-four. And you'll have eight out of twenty. And we'll all be going in the right process where we want to go. And she said, good point. Got it understood. Next. And ultimately, I finished my presentation. Tony Blair finished, Cordesman finished his, we all get in a plane and flew home at the end of the day. It is not a great secret who the company is, I won't use their name, but you can go look and see, the company we gave them good advice and encouraged them what to do and how to do it. And today, that company has invested twenty-five billion dollars. And it's running massive petrochemical complexes, with six syllables, Petro hydro, whatever, you can't even pronounce it. Never mind, know what it makes what it is. And they're generating billions of dollars of positive, profitable revenue for the Saudi government and economy and jobs for Saudis. It's a huge success. And it's because basically, we told them, don't worry about the revolution. And whatever, whoever takes over will want to help you run the factory, whether even if it's ISIS, they'll still want to have the factory. In any case, when we told them ISIS isn't going to win, don't worry. Yeah, the Saudis, we've been talking with the Saudis very closely for the last number of years. After 2003. And what they discovered and experienced with the revolt, near overthrow of the whole regime itself. They are fully onboard now.

Q: All right. And then as we're approaching the end of this session, are there other aspects of the work you've done and the activities that I've missed asking you questions about?

KESTENBAUM: No, I think you've done an amazing job. And you've covered pretty much everything. I think it's really important, too, that we just understand, as a result of

this, that there's been an amazing U.S. interaction in the global marketplace as part of our global diplomacy. I was fortunate to have a really interesting formative role in the original creation, and then the establishment of what has been very important for our national interest. Then I can't think of anything, frankly, that anybody could sit back and say, in the last fifty years has more priority and more impact than the creation and the establishment and the execution of the Foreign Commercial Service. Last fifty years. So I mean, not post World War Two. I have to say that I am very proud of that role I played, and it's something that I am very honored to have been given the opportunity to be part of. I do believe that it has had an impact that goes beyond my time, that there's a legacy. That's kind of what we really look for, if you're in public service, is not money. But its impact and legacy, what you actually did, and what follows if anything follows onward, and to see the Commercial Service, and no, no, no, don't give back the State. They don't want it. They say they do, but they don't. And what we need to do is make the Commercial Service more engaged and more functional within the commerce and its interagency and its relationship with third parties, rest of the world, outside chambers of commerce and all the rest of them. And the more you can engage on behalf of the interagency and government, the more effective will be in our commercial competitiveness going forward for the next decade.

Q: That sounds like a good place to stop. So I'm going to end the recording here.

KESTENBAUM: Thank you.

End of interview