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

PETER F. KRANSTOVER

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INTERVIEW

Q: Good afternoon. It's February 6, 2022. As part of this year's USAID program, we are having our first interview with Peter F. Kranstover.

So, welcome Peter.

KRANSTOVER: Thanks so much, Robin. Pleased to see you.

Q: We'll start, as we always do, with where and when you were born and a little bit about your family history.

KRANSTOVER: Sure. Milwaukee is my birthplace, although I grew up in a little town of maybe 6,000-8,000 people at the time, called West Bend, about an hour north of Milwaukee. My father moved us all up there when I was about three years old after he got a job with a printer and lithographer there. But I was born in 1951, and I grew up in West Bend. It's what I consider my hometown, despite my parents' connections to Milwaukee, as they were, and my grandparents too.

Q: Were your parents or grandparents immigrants or was the family in the US for a while?

KRANSTOVER: My father's father was Julius Krahnstover, who came from Rostock, Germany, in the late 1800s. He was three or four years old when he came with his father. Family lore says that he was born into a family of socialists, so I like to cultivate that story. Bismarck outlawed the socialists around that time. I'm not sure if it's true or not. And like a lot of Germans in the 1880s, 1890s and that first decade of the twentieth century they—Milwaukee was the place where you got off the boat after jumping on it in

Buffalo, coming by way of the Erie Canal and then coming over and going through the Great Lakes. Milwaukee was the end of the line.

Q: And was it a farming community?

KRANSTOVER: Milwaukee was full of mainly Germans, but then the Irish and the Poles. And the Jews and the Italians came in in the late nineteenth century, early twentieth century. And it was—it's always been a manufacturing and beer producing blue collar kind of place. My mother's parents were Irishmen from Roxbury in Boston, by way of County Clare actually, and they came out here in 1919, 1920. And my Grandfather Kelly started working in the tanneries and ultimately became a very successful businessman. Nobody could ever figure out how much education he had. Mother thought maybe the sixth grade. But a charming man, a bit of a raconteur. I remember him with his cigars, you know, at Christmas and Thanksgiving. But a lovely guy who had six children.

Q: But growing up, everybody spoke English?

KRANSTOVER: Everybody spoke English. And indeed, my father, who was born in 1919, recounts that during the twenties when his uncles, his German uncles, who came over a little later, were talking German in the house, if Dad walked into that room, they all broke into English because Julius was very concerned about assimilating. And indeed, he had married my grandmother, Adelaide Weber, and they had a brewery just outside of Milwaukee for about eighty, ninety years, selling it in the early fifties. And they were Catholics. Julius wasn't. He was the "apostate," and a wonderful guy. But concerned, certainly, about just becoming assimilated. And so, Dad never spoke German, even though that culture and ethos continues to prevail here with respect to the Wisconsin character. If you weren't a respectful or a respectable German family in the late 1800s, early 1900s it meant you didn't have a brewery.

Q: (Laughs) So, is there a brewery named Kranstover?

KRANSTOVER: It was Weber, it was the Weber Brewery in Waukesha, yes, just west of Milwaukee. In my high school days you were still able to buy Weber beer around here, but then somebody else took it over. I've lost the thread on that. Yet another project in my retirement.

Q: What did your father do? And your mother?

KRANSTOVER: He was a salesman, he was a straight commission salesman for forty-five years and raised eight children in this little town of West Bend and that was just really—in retrospect, the older I get I realize it really was rather idyllic. Quite narrow and provincial in many regards and not particularly worldly, but that was fine growing up, and it was a wonderful place. We were surrounded by farms and woods and things. The park, the city park, which was a WPA (Works Progress Administration) project in the thirties with the Roosevelt Administration, was literally across the street. And in the

summers and winters that's where we were all the time and I think that's how my mother survived to her late eighties because we were able to get out of the house and just go and play all day.

Q: So, there were eight siblings?

KRANSTOVER: There were eight of us, yes. And we all went to college. Some of us got master's degrees. And dad and mom spent all of their money on us, basically. And we took care of them both towards the end of their lives. They basically lived past their money. But at that time—you know, the fifties and sixties and into the early seventies the economy was growing. It wasn't until inflation crept in in the late '60s with spending on Vietnam and then really hit in '73 with the oil embargo, that things started to get a little difficult, of course. But it was—by that time we were all relatively sentient human beings, able to function.

I had traveled a little bit after high school to New York with a friend of mine, and a businessman friend of my father's, and saw the East Coast a bit, and had gone off to England and Ireland right after high school in '69 for a little bit of a tour there. And that got me interested, certainly, in international affairs and things. Although, I have to admit that I had nuns for eight years at the Catholic school in West Bend, and the geography classes were wonderful. I mean, I know that this sounds like a bit of a stretch, but I remember seeing palm trees in these geography books and thinking, "What is that?" And "Wouldn't that be interesting to see?" But those early trips in my teen years were important in seeing something other than the upper Midwest.

And perhaps—and so, two things happened during my adolescence that were directive—my father was rather laconic. He didn't offer a lot of advice. But what he did offer, I remember. And one thing was that at fourteen I had to choose a foreign language for high school. There was French, German and Spanish. And I remember asking him, "Well, so what should I take?" And he said, "Take Spanish." He said, "German's not going to do you any good." And that was huge, and I took Spanish throughout high school, took it all four years.

And then my junior year in high school, he said, "You know," he said, "I've got some money and you should look at some colleges out of state." I remember this like yesterday because it was late at night and I was going to bed, just the two of us were there. He said, "I think you ought to get out of here. And maybe you want to look at Boston College or Notre Dame or Holy Cross." My Uncle Terry Brennan had been the football coach at Notre in the fifties, he married my mother's sister, and so there was that interest. And I applied to Harvard too but only made it as far as the waiting list. I really blew the interview. But happy to have gotten to Holy Cross, which I had never seen, you know, 1,000 miles away. I think Mother was concerned that at least one of her children got into a Catholic college or something and made that old Kelly-Roxbury-Boston connection again, so that was important. I did meet some of her cousins in the area while at Holy Cross.

Q: But you weren't the oldest?

KRANSTOVER: I was the third oldest. So, my older sister and my older brother had gone to college and were off doing their thing at that point. So, leaving and being far from home was huge at this point. Holy Cross was a bit of a different world, and really formed me. It also meant I was able to spend my junior year abroad during that time. I went to Madrid for that entire academic year. And my rationale was, and I don't—I'm not sure if I was misunderstood by the faculty committee at Holy Cross, but they accepted me; I had said I wanted to see what this guy—this fascist General Franco was all about. I thought it puzzling that thirty years after World War II, this erstwhile friend of Hitler's was still around - and why are we talking to him? Realpolitik was not something with which I was familiar.

It was in Madrid where I found out that if, indeed, plain-clothes secret police wanted to frisk you at any time on the street—which they did on a number of occasions with us, we had longish hair and this is '71, '72—that they could do that and there wasn't much you could do about it. The entire year was revelatory in that regard. And Madrid of course is where I really got comfortable with my Spanish as all classes were in Spanish and we took exams and wrote papers in Spanish.

Holy Cross taught me about prep schools and ethnicity I like to say. I hadn't even seen the place and I was just dropped off there by my parents. Spain taught me about the fact that things aren't exactly the same as they are in the United States – to put it simply.

Q: Well, I haven't ever met anybody who studied in a university in Madrid or Latin America who hasn't come out with really strong Spanish. Was that the case for you?

KRANSTOVER: It was, yes.

Q: There's something about studying university level topics that just makes you really have command of the subject.

KRANSTOVER: Absolutely. Even to this day, I still dream in Spanish on occasion.

Q: And what was Madrid like in those years? What year was it when you went?

KRANSTOVER: This is the academic year '71-'72. I'm a junior in college, and there were two other fellows from Holy Cross with me. And then, maybe about thirty other students from various colleges around the States. And it was politics, philosophy, Spanish, literature, things like—you know, your basic liberal arts curriculum. I lived in a dormitory. There were six of us Americans in this dormitory along with about 170 Spaniards—and how shall I say this? —a rather traditional crowd of upper middle-class, upper-class kids who by and large were fiercely conservative and really quite—somewhat intrigued by these slightly scruffy Americans who were living in their dorm. And that, of course, was a great experience in and of itself. We sat at tables of four for breakfast, lunch and dinner, and so invariably you couldn't avoid sitting with a number of

Spaniards. And it was clear that the differences between us were—regarding our own images of each other as countries—rather pronounced.

My friend Tim, who went on to do his PhD in Spanish literature and who was just very, very comfortable with the language, got annoyed after one lunch wherein we were told once again that we did not have any culture in the United States. I found this also among the British when I went to Oxford a number of years later.

And so—right—we were just sort of these crude Huns as far as some of our Spanish contemporaries were concerned. And perhaps our appearance elicited that kind of reaction on occasion. Nonetheless, Tim just blew up one day and gave them this seamless response in perfect Spanish about how Hemingway had essentially saved the western canon from turgid prose and stuff like this. How could you possibly say that, that we had absolutely no culture. After that, I think we all sort of got a little respect.

But I must say, I was stunned at the press, the lack of press freedoms, the inability to assemble. You couldn't be more than five people hanging around a street corner. Some books were banned. I had a seminar with a former political prisoner on the influence of the Opus Dei in the Franco regime, a very learned professor named Tierno Galvan, Enrique Tierno Galvan, who I believe had been incarcerated for some time in the mid-fifties under Franco. He ultimately became mayor of Madrid in 1979. He always said that if you wanted to understand the character of the Franco regime, read Kafka's "The Castle." So, I did. An apt metaphor. Not a happy place.

A couple of books that I needed for that seminar were unavailable in Madrid, prohibited. I flew to Paris at some point that year and found a bookstore run by a Spanish exile. I bought the books I needed and flew back. It was twentieth century Spanish history and a narrative of Opus Dei's political influence, but Franco wouldn't allow certain things, of course, to be—certainly not to be printed if, indeed, they were used in Madrid and were critical of his regime.

Q: And by the early seventies, he'd been in power a long time, right?

KRANSTOVER: He'd been in power thirty years, basically. He died in November, if I remember—no, October—November of '75. And so, in power for thirty-six years. He staged his coup in '36, to save the country from the communist hordes. Of course, the socialists and the anarchists had messed things up badly, in terms of their ability or lack thereof to govern between 1936 and 1939, and there was infighting and some remarkably violent acts and things too by the left before the civil war broke out.

So, Franco comes in with probably a little bit of help from the British, who gave him a plane to come in. And then, of course, he attracts Hitler's attention, right, who gave him some training, to say nothing of the German Condor Legion, which came in and bombed the daylights out of Guernica, killing over a thousand people—from which Picasso was inspired to do the painting of the same name. So, an internecine conflict that was in some regards still quite apparent if you wandered around Madrid and one that still elicited

sharp differences amongst people about its origins or who should be blamed for the conflict. Spain has never had its reconciliation commission.

Franco of course had allowed Nazis to move through Spain on their way to Latin America, after WWII. If you can believe this, Otto Skorzeny, an SS officer who had rescued Mussolini from his hilltop prison was openly living in Madrid.

And as students, we wandered around Madrid. We went all over Madrid. Buses and the metro were great. Transportation was good. We would just—and the bars were wonderful and the restaurants and stuff, and things were cheap, it was just cheap. Political conversations were sensitive, but if you could engage with some Spanish students in a bar or restaurant, that was wonderful. I remember saying to my father, "I saved probably $1,000 going overseas, going to Madrid that year," as opposed to staying at Holy Cross. It was wonderful.

Q: It's interesting that you went there looking to understand a dictatorship and that's what you got. (Laughs) Very woke of you.

KRANSTOVER: A yearlong lesson.

Q: So, did you end up getting a degree in political science? Was that the plan?

KRANSTOVER: Correct. And I had absolutely no idea, of course, beginning my senior year of college, back at Holy Cross, what it was that I wanted to do. But I wasn't particularly concerned, interestingly enough. I really wanted to get the degree and get out of school and do something, as opposed to going to graduate school, for instance, at least at that point.

I remember taking the LSAT (Law School Admission Test) and the GREs (Graduate Record Examinations), I guess, and just having them filed away in that spring of '73 before graduating. But I didn't apply to any schools. The only thing I did do, of course, was apply to the Peace Corps. And I remember not having anything by the time graduation had come around. And I was staying—I stayed in Worcester, or as they say here in Wisconsin, Worchester. My parents came out for graduation. Not knowing what was going to happen, I had obtained a job in a warehouse, with a moving company, with Mayflower Movers, thinking, well, let's see what happens here, and I want to wait on this Peace Corps thing. And so, ultimately, four or five weeks after graduation and into this awful job, I got a call from Peace Corps, saying they'd like me to join a forestry program in Guatemala. I had spent a summer working in a state park in Wisconsin, so there was a forestry and soil conservation program in Guatemala that they were recruiting for, and I said sure. So, I came back here to Wisconsin for two weeks and by early August of '73, I was in Guatemala.

Q: Did your interest in foreign affairs start with geography class?

KRANSTOVER: I think—I like to think that, I like to think that, yes. I mean, frankly, yes, as trite as that may sound.

Q: Your parents weren't very political or anything?

KRANSTOVER: Mother was always involved in Democratic politics, which in this area, means being surrounded by "red." It made her somewhat notable in this little town of West Bend, Wisconsin. She would just do volunteer work and they'd contribute a little bit, I think, to Democratic politics. But she was involved in the school board and this kind of local stuff. And Dad was never particularly political. Both of them were World War II vets, both of them, and they were—Mother was a WAVE in naval intelligence as a twenty-one-year-old with the combined Joint Chiefs of Staff in Washington. I found out years later that her boss for part of 1942 was Admiral Theodore S. Wilkinson, father of FSO Ted Wilkinson, with whom I served in Honduras in the mid-1980s.

She had done a year of college and her three older brothers were all naval aviators, one of whom, Joe, was shot down in August of '44 over Hahajima or the Bonin Islands. He flew off the "Lexington," was shot down and never found. She was still in Washington at that time. The war and the whereabouts of her brother Joe kept her there for a while and she sought to get some assistance to determine where he was. But in any case, he's MIA (Missing in Action). I have the naval report of February 1946 wherein he is declared dead and classified as "unrecoverable."

And so, that was the story that she told occasionally. And then, her other brother, Tom, was in the Battle of the Coral Sea, he was a naval aviator. And Dad, who was drafted after he left college after a year, had his own WWII experience —he was studying at a small college called St. Norbert's, which is in the Green Bay area, and his father's business wasn't going very well, so he dropped out and he worked in the family brewery for a while that his Mother's family had and then was drafted in April of 1941.

He wound up with the Thirty-Second Division out of Wisconsin and Michigan. They were the first U.S. land force to confront the Japanese, and did so in New Guinea, on the northeast side of that island in a battle, alongside the Australians, at a tiny village called Buna. There's a book on this called *Bloody Buna* by an Australian journalist. And a number of things on this, in any case, that I've been able to—my brother and I, actually, have been able to investigate it a bit.

So, Dad comes back to Wisconsin from the war and as I got older, I remember him saying he didn't have much of a plan other than to marry a lovely woman, have a bunch of kids and enjoy them all. That's what he said to me one time while I was in college. Later on, I remember thinking, Holy Christ, that's rather profound actually. He was lucky to have made it home after being away from the States for a total of 22 months, 6 months of which he spent in a hospital in Brisbane beginning in February of 1943. He and many of his mates were suffering from malnutrition and malaria. Into the 1950s he still had bad headaches and dreams attributable to malaria and "atabrine," an early treatment they used in New Guinea. When he arrived back in Milwaukee in February of 1944, he looked,

according to one of my uncles, "as thin as a nine iron." He and Mother eventually met just after the war at a party here in Milwaukee through yet another of Mother's brothers, I think.

And Dad's brother was with the OSS (Office of Strategic Services) in Burma, my Uncle Rich, who was two or three years younger than Dad and who joined the army after a year in college too, in '43, I believe. He winds up in Burma, plainclothes, twenty-one-year-old lieutenant with sort of carte blanche to move about, along with the Brits. There's a story on this too, by Troy Sacquety, who's a historian with the U.S. Special Operations Command—about the OSS in Burma. He interviewed and lists my uncle in his book, Richard Kranstover. The book is "The OSS in Burma." Kumiko Cross, a Japanese American FSO and the Embassy nurse in Honduras in the mid-1980s, told me that her father was an interpreter in my Uncle's OSS outfit at that time. Her father had been recruited out of a Japanese internment camp in the U.S. and assigned to the OSS. Strange these connections.

Q: So, basically, they had a certain worldliness about them because they had been out—

KRANSTOVER: So, there was that—there was a remove amongst all of them, I think, regarding the somewhat—not that they were snobs, although there was that, perhaps, but a little bit of a remove from the kind of diurnal pursuit of the small-town kind of atmosphere here, although at this point in my life I heartily embrace that atmosphere. (Both laugh)

Q: I understand that, especially after looking at a couple of the places you were at the end.

KRANSTOVER: Yeah, right. And I think that it's—they didn't, again, Dad didn't say much to us other than —and Mother said this too, I remember we'd eat at the table every night --- three things: don't get married too young, get a college education, and travel. Those were the three things that they—those were elements that they felt were essential in allowing us to basically then have a clear picture, if you will, of things, or being able to make an intelligent choice regarding a professional pursuit, and they were right, they were right about that. That was on top of the necessary cliches of work hard, be honest, say prayers, don't panic.

Q: So, what happened that made you apply to the Peace Corps? Were you enamored with Kennedy or were you—?

KRANSTOVER: Yeah, a little bit perhaps. I think maybe a little bit of that, yes. I remember Kennedy came to West Bend, Wisconsin. I was all of nine years old. He ran in the primary against Hubert Humphrey in 1960 here in Wisconsin. And Humphrey almost beat—Humphrey got the rural vote, but Kennedy got the urban vote and won of course. My mother worked locally on that campaign a little bit. She was just—she couldn't stop talking about the guy for about a month. And he came to town for a couple of hours and

spoke to small groups. Mother said, “he held my hand.” But yeah, there was that. There was a sense of service.

I think I suffer, too, from a little bit of that Catholic social justice element perhaps. A friend of mine who still lives in the area and became a circuit judge and I, marched one Sunday afternoon with Father James Groppi and a couple of thousand others, in late September of 1968 in a demonstration meant to implement open housing laws in Milwaukee. Groppi did that for about a year and a half as I recall. We were 16. My Father said I could go but that if I got hurt, he would not be able to help me.

I continue, I mean, to this day I’m teaching these—periodically these Latino dairy workers here in Wisconsin, which is a new grouping. They’re Central Americans for the most part. And they’re new to this place. By that I mean, compared to the labor make-up of fifteen to twenty years ago. But they’re underground because they’re, by definition, illegal. So, I think, yeah, there was all that stuff. And I just hated the idea of being around and having a regular sort of almost rigid predictability to things. I could not imagine coming out of high school and going into a factory job in the area, of which there were many. That was safe. In a small town like this, there were manufacturing companies, locally owned, that made farm implements, leather goods, cookware and brake pads. You were safe in a sense.

But, to that, here is another anecdote, again, my father, you know. So, I’m home after Peace Corps. I’ve been gone over two years and am now living at home again. They had come to visit me, actually, in my Peace Corps village. And I’m at home for what will amount to some eleven months, and applying to graduate schools. And I was working in a steel foundry. I was working in a steel foundry which is now, I think, an EPA (United States Environmental Protection Agency) Superfund cleanup site, maybe a half an hour from home.

I had a day off and we went down to Milwaukee, he had to make some calls and we had lunch, and he just said to me— I’m twenty-five-years-old, I’ve got a college degree, I’ve studied in Spain, I’ve been in the Peace Corps, I’m just champing at the bit, waiting for something to break and feeling pessimistic and foul, and he says, “I don’t know what you should do.” He said, “But I’ll tell you something, don’t do what I did.” And I said, “What do you mean?” He said, “Don’t get into this monkey on your back straight commission sales stuff.” He said, “I’ve done well at it, but” he said, “you’re working by yourself, which is a great thing, but it’ll really run you into the ground.” I thought that was a brave remark for the old man to say- don’t do what I did. The power of negative thinking. Willie Loman without the demons or the insecurities.

Q: My parents did that a little bit as well. They had a series of small businesses and they felt they were slaves to the business.

KRANSTOVER: Constantly. He had a little office in the house, and he was in there. He’d come home—he was home every day, fortunately. I think my mother would have killed him if he hadn’t been. And I just thought after he said that —that it was liberating.

It was liberating to hear this. I thought, Oh, great. I mean, because I thought maybe—he never asked any of us to help him out, to come into his business. And that was an important statement.

Q: Let's go back to the Peace Corps. So tell us about your time in Guatemala. Where'd you go?

KRANSTOVER: Right, right. Of course, you get off the plane at night and there were about thirty of us, and most everybody, maybe twenty-five of us were technical types, you know, forestry guys, soil conservation guys. This reflected the Nixon Administration's desire to have Peace Corps volunteers who could actually "do stuff," not liberal arts refugees like me and a handful of others. But I had had this time here in Wisconsin during one summer at a state park and I had Spanish. And that was sort of—Spanish was the opener, once again.

So, because I had the Spanish, I received about eight weeks of K'iche' training at the Instituto Francisco Marroquin in Antigua, which a fellow you may have met or heard of or even worked with, named Bob Gersony—Robert Kaplan published a book on Gersony two years ago—ran and really transformed after he went down there, after a tour in Vietnam. K'iche' was a language that a group of Peace Corps volunteers, linguists by training, were then cataloging and putting an alphabet to, or at least a different alphabet to and trying to bring linguistic homogeneity and cataloging to Guatemala indigenous languages. And then, we also received a little bit of Guatemalan history and the flora and fauna of Guatemala.

Ultimately, after about 3 months, we're assigned in late '73 to various villages in the Altiplano, in the highlands, where the majority of the indigenous live. And so, I went to a place called San Francisco la Unión, which is a K'iche' speaking place in northern Quetzaltenango. It was probably 1,800 to 2,000 people at the time. It was situated at just over 9,000 feet. I lived in a room I rented from the nuns in the parish house there, which had been abandoned a few years before. They had moved out to a village about ten miles away. The house was empty. No running water, no heat. Periodic electricity. But in terms of that village, it was great, I mean, it was fine, and I, you know—

Q: Were they accustomed to volunteers or were you the first one?

KRANSTOVER: The village had hosted a volunteer a couple of years before. There had been a gap of about a year or two between his departure and my arrival. So, some of the locals did know about the Peace Corps. And we were—we had essentially three assignments over what would be this little more than two-year period.

One was to work with the local community on a reforestation project, to build a municipal "vivero" or nursery on municipal land, so I had to negotiate with the mayor there to give me a—I think I may have had a quarter of an acre plot there on the other side of the hill from my place. And I was given a counterpart, a bilingual twenty-year-old by the name of Genaro Alvarez Gonzalez, who was sort of your fixer guy, at least

initially. The forestry agency, COHDEFOR, as it was known, paid him. He was essential to my acceptance in the village and as someone who could introduce me to the farmers—all of—you know, tiny—you know, you've seen these places, I know; subsistence agricultural places where they grow corn and beans and if they're lucky have a few animals. And forests, the forests around there, these really quite lovely pine and oak forests which were their source of building materials and firewood.

Q: Is that what you were growing in the nursery or planting, was pine?

KRANSTOVER: Yes. Right. We had encino, a type of oak. But there—so you had cedar and pine, white pine. But in any case, I mention all of this because it was just—this is a place where at that elevation, trees were not unlike what you get in the upper Midwest. I've got some white pine out here in the yard, for that matter. But that area, you know, was entirely indigenous in that part of Guatemala. The western highlands, where they're concentrated, and really there's not a better term than "dirt poor" for some of these farmers.

And my companion, Genaro and I, along with the owner of the land, built bench terraces for soil conservation on their small plots, very few of which are on level land. I went back twelve years later with my wife and our then two little children. I was stationed in Honduras at the time with USAID in 1987. After attendance at a USAID conference in Guatemala City, my wife Anne and I drove with the children to San Francisco la Union —I saw a couple of these old fellows who I had worked with, and they had actually continued to make these bench terraces, which were essential because it was really a broken land area with high rainfall there, and they had spread the use of these terraces to other plots of land they had. I was really pleased to see this.

What hadn't happened was any type of land reform, which is the type of structural reform you would have hoped the government would have put into place; land tenancy being the one fundamental thing which has bedeviled Latin America since the Conquest.

Of course, President Jacobo Arbenz, when he was overthrown in '54 in Guatemala, scared the daylights out of United Fruit and all the big landowners because that's exactly what he started to talk about, and then—and he had a guy by the name of Victor Gutiérrez who was his Minister of Labor, who probably was a member of the Communist Party, Guatemala Communist Party. So, Dulles, of course, got a little upset and the CIA made sure Arbenz was overthrown, of course, not without, for me, remarkably profound implications to this day. You know, Stephen C. Schlesinger and Stephen Kinzer's book, called *Bitter Fruit*, where they talk about all of this. Kinzer was in Central America, Robin, when you and I were there. Kinzer was all about and around, writing on the Contras and the Sandinistas in the 1980s. But he traces this—the long-term implications, frankly, of that '54 coup in his book, with Steven Schlesinger, *Bitter Fruit*.

So, I was fortunate to come back twelve years after leaving the village and see what had changed. One thing struck me immediately—the Indians had communal grazing areas for their goats and sheep and cows, what little numbers they had, and I remember driving

into the village and it was probably a mile or two off the main road, so you had this mile or two track that you had to travel to enter the village. And there used to be communal land along that road when I left there in ’75; when I came back in ’87 it was all broken up and it was all—it was under cultivation. So, as a benchmark of population growth certainly and land pressure, this for me jumped out like a neon sign in the desert. A clear indication of no real structural changes regarding property rights and things like this, nor a proper piece of public grazing land for the village’s animals.

Q: So, you were twenty-two, twenty-three?

KRANSTOVER: So, I’m twenty-two when I started with the Peace Corps.

Q: So what was it like to all of a sudden plunge into this environment?

KRANSTOVER: I spent the first month or so walking all around the area with Genaro and getting to know the people as well as setting up the nursery. Working at that elevation also got me into probably the best shape of my entire life. We would do physical labor every day, and at that elevation you’re burning a lot of calories. But I had chicken and rice and beans and tortillas, chicken once or twice a week. But—oh, and eggs. And that was enough. I had my own hoe or “azadon” which is the essential farmer’s implement in that area. You would also walk six or seven kilometers a day and then do labor in the field.

I needed my friend Genaro of course, to tell some of the farmers we hoped to work with in K’iche,’ what a bench terrace was. It was not something they had used or seen before, despite evidence of them in some Classical Mayan villages of a thousand years before. Terraces also take some effort to make with simple tools. I know that some of them wondered who this crazy white man was, telling me that I’ve got to do something new.

And that’s where my living in the village itself and having Genaro as a companion really came in as an essential counterpart. Erosion in this area, a subsistence farmer region, was a big deal. I mean, some of these fields would just get ruined over a couple of rainy seasons. So, I said, “Well, maybe we can do something about that.” But you had to—you couldn’t then tell them to do it. You had to sit there and work with them for a couple of weeks at a time in some instances. And I mean, all of them were just—I think they were as curious about me as I genuinely was about them. I remember one very old fellow, I still remember his name, his last name was Saquich, and as a young man he had cut sugar cane in southern Mexico, as some of these guys did, there was still—there was a movement, old movement of Indians from the western highlands into southern Mexico to work on some of the plantations. And I remember he’d call me Don Pedro, even though he was probably forty years older than me. He wasn’t sure of his age. And I remember one day we were having a little lunch at his place, and he said, “Don Pedro,…..Entonces, dónde está exactamente los Estados Unidos?”

Q: (Laughs) And in English that means?

KRANSTOVER: Right. “So, Peter,” he says, “Exactly where is the United States?” And I remember thinking, Right, good, good. And it was logical I thought-- he had been in Mexico. So, I said, “Bueno, esta un poco hacia arriba de Méjico.” “A little bit above Mexico,” I said. “Ah, muy bien,” was his response. He nodded.

Q: So, did the ladies all bring you food or things like that?

KRANSTOVER: On occasion, particularly if you had worked on their land. Always great.

Q: Were you mothered a lot?

KRANSTOVER: You know, not too much. I mean, these are pretty traditional, closed cultures in many regards. They’re traditional and quite respectful and formal in many regards. It was always a pleasure, I thought, to be able to—to get invited into somebody’s adobe home as often happened after Genaro and I would work with a farmer on his land. Some of them were really quite comfortable, the majority of them with dirt floors. And the adobe construction, usually the “lamina” or metal roof if they had a little money, a straw roof if they didn’t. You know, that other material, what do we call the clay roof, Robin, the—?

Q: Thatched roofs?

KRANSTOVER: Yeah, but, ah, “teja” is the word – an adobe scooped brick-like kind of material. That was the type of roof signaling relative prosperity. And invariably, if you were invited in you would always get something. You know, you’d get some coffee or some “atol,” which was a little sugar and a maize, a corn drink that was heated, particularly nice in December, January and February up there. It can get below freezing. I had a big stone “pila,” a great, big sort of tub out in the back, and I’d get it filled up from this guy with some barrels of water, he’d come in with a pickup truck once a week. And there was ice on that for a couple of weeks, just a little “capa” or layer of ice in those months on the water. Start your morning.

Q: So, did you have to make a fire in order to cook?

KRANSTOVER: I had a small stove with a small propane tank which I could use. I also had—a little electricity there in the—a few of the houses in the center of town had—were hooked up to electricity, but it was off and on. But oftentimes it—usually in the morning it was pretty good. After a storm or something it could get a little temperamental. I mean, you can live without electricity, you can’t live without water. You can’t move about and do anything without having a decent source of water. That was a big deal. A lot of places, a lot of the homes had their own wells, which were projects in and of themselves.

Q: And so, the deforestation happened because of farming and grazing?

KRANSTOVER: Yeah, and it was the population density, fertility rates amongst families with four, five, six kids. And so—and each traditionally, you know, each son gets a piece of the land, and so, the properties diminish in size over each generation. That kept this movement, I think, of migrants to Mexico. And some would go to the States. Every once in a while, somebody—some young guy would come to me and ask me about the States and could I help him out financially, and he was going to take off and see if he could get some purchase up there in the States and send remittances, which even then, not as big as they are now, but that was an important source in some regards with respect to some of the families there. Nothing like it is now.

Q: Now, there was a civil war going on during those years. Did it touch you?

KRANSTOVER: No, not really. A lot of that—so I'm living at the time generally northwest of the capital. Where it broke out, where it started again—you know, 1961 is when it really started when a military officer named Yon Sosa and a fellow named, if I remember right, Luis Turcios Lima—Sosa had been trained at Fort Gulick and was somewhat forward thinking, Turcios Lima had spent time at Fort Benning as a young Guatemalan officer - liberal leaning guys who staged—attempted a coup. It failed of course. Ydigoras Fuentes was the President at the time, who allowed the USG to set up some training camps on the Pacific coast for the Bay of Pigs operation. We also had a training base in northeast Nicaragua for that same purpose.

In any case, Sosa and Lima took a few guys and escaped into the hinterland, into the east, Sierra de Las Minas, and sought to establish an insurgency known as the FAR (Fuerzas Armadas Rebeldes) at that time in the early sixties. Well, it chugged along off and on for a bit in the early, mid 1960s. The Guatemalan army kidnapped 28 labor organizers and peasant leaders in 1966 and executed them, believing them part of this movement. The FAR kidnapped some GOG officials and it went back and forth like this for a while. Turcios Lima died in a flaming car crash, explosion in 1966. And a US special forces officer named Robert Thomas Hornberger, a Vietnam vet, part time student at Kent State, slipped into the eastern part of the country in late 1966 to do reconnaissance. He was apparently captured by leftists and was executed at that time. Ultimately our Ambassador John Mein was assassinated by leftist guerillas on the streets of Guatemala City in August of 1968. His son David worked for USAID for many years as a foreign service officer. Guatemala had our attention.

General Arana, Carlos Arana, who was President from 1970 to the election in '74, and who was a career military guy, quite brutal, quite repressive, engaged in a scorched earth policy out in the eastern part of Guatemala in the area of Zacapa in the late 1960s to get Sosa and Turcios Lima. This is a dry and poor area inhabited by poor white or Ladino peasant farmers. He killed quite a number of people out in that area in the sixties and did a "successful" pacification program. He was really after Turcios Lima and Sosa. He never did get either one. Sosa was apparently killed in southern Mexico in 1970.

But a vestige of subversive insurgency, nonetheless, was rekindled in the early seventies. And you know as well as I, you can't underestimate the influence of the Cuban revolution on all these places in the Western Hemisphere during the sixties and the seventies.

Everybody's imitating Fidel, and taking a page from his French advisor, Regis Debray, reading "Revolution in the Revolution." You must form these "focos" and then you're going to spread the revolution after establishing a number of them throughout the country —this was Guevara in Africa and then later in Bolivia in '67, for God's sake. And the huge, arcane debates about the Moscow-based and directed Marxist theory as opposed to the eternal revolution of Mao and all—right? Where can we possibly begin - will the peasants support us, and existential questions such as these.

So, those, as you know, those insurgencies fought amongst themselves for a while. But a few of them, a few guys got together in '74 in Guatemala, in a place called Ixcan, which is up—is contiguous with a part of southern Mexico. They ambushed and killed a very prominent landowner in that area, whose name I believe it was Jose Luis Arenas, but who was known as "El Tigre" or the Tiger of Ixcan.

He was a huge landowner and was not liked, apparently by many people, and known for his brutality and the way he operated his big "latifundio" or farm. And he was at his finca where a couple of hundred workers had gathered to be paid that day. I've forgotten some of these details, but he had his payroll and his accountant with him and perhaps a bodyguard or two. He was paying his workers in cash. So, he was attacked. He was attacked by this group then known as the EGP or Ejército Guerrillero del Pueblo that eventually became the ERP or the Ejército Revolucionario de los Pobres, or Army of the Poor. Shot six times. That's when this kinetic element, if you will, of that—of the Guatemalan insurgency began. These groups and two others eventually came together in 1982 to form the URNG, a coalition of leftist insurgents who fought together throughout the 1980s, like the FMLN in El Salvador. It was eventually led by the son of Guatemalan author Miguel Angel Asturias' Rodrigo. The son went by the nom de guerre of Gaspar Ilom. Asturias of course had won the Nobel Prize for literature in 1967.

And so, when this happened, I remember going into—I'd sometimes go down to Quetzaltenango, which was the regional capital, on the bus, and I'd spend the night at—a couple of us, actually would sleep in a big, old colonial dump of a flat, where one other Peace Corps volunteer lived and we would just sort of sprawl out there, and get a—you'd go to the volcanic baths and get a bath in hot water, have some restaurant food. And I always picked up the papers when in town. Splashed across the three editions of that week's papers was the killing of this fellow, El Tigre. The event was electric—with respect to the left in Guatemala, as it brought together several groupings that ultimately started—to attack military posts, causing this huge reaction in the mid and late 1970s, particularly beginning in 1978, when Gen. Lucas Garcia comes in through a coup, who was just brutal. And then, Rios Montt who tossed out Lucas Garcia in '82. Montt was even more focused on essentially wiping out entire villages.

And of course, twenty-five or thirty years later Montt is found guilty of genocide by the Guatemalan Supreme Court. That was overturned a week or so later on some technicality and Montt finished out his days in Guatemala City. But Montt, who had run for the presidency in ’74, and had actually won the elections, at least according to a number of observers and members of the U.S. Congress, Ted Kennedy amongst them, had sounded to me like a Hubert Humphrey.

I actually met him twice. He came up to my village, San Francisco la Union. And I’m standing there the first time, and all the local Indigenous are standing around. He had a bunch of slick-looking young guys in leather jackets and slacks handing out literature, small pamphlets. I remember Montt talked about healthcare. He talked about land reform. He talked about freedom of expression. And he was in civilian clothes. And he was just—he had a nice touch. And I remember thinking, gosh, this is quite remarkable. I remember one of his aides came by and he saw me. Of course, I’m the only out of place person in this whole place, right.? And he hands me this pamphlet, and he says to me in accentless English, “How ya doin’?” (Both laugh)

Q: Like he had spent time in New York?

KRANSTOVER: Yeah, yeah.

Q: So, did they vote? Did your village vote in the election?

KRANSTOVER: Yeah. Yeah. Yes. And I think I may have gone down to the regional capital that day or something. There was always tension regarding politicking or politics in Guatemala. It was fraught with concerns. And one of the older, more established farmers in the village, we were working one day, I can’t remember his name, but he expressed anxiety over the upcoming November of ’74 elections, because he was an older guy, he had been through some of this stuff, and he was just a little anxious. But the actual insurgency as such didn’t really hit the—it was the area a bit northeast and north of where I was, which is where a lot of the massacres occurred, especially during Rios Montt’s time. And Baja and Alta Verapaz, sort of north central areas, Quiche, Rabinal, places like this that figure large now in terms of the violence they experienced.

Q: During my first tour in Mexico, in ’89, so fifteen years later, I was asked to visit the Guatemalan refugee camps. At that time in the eighties the people fleeing Guatemala were coming from, like, Lake Atitlan.

KRANSTOVER: Perhaps. Sure. Anywhere in the central or western highlands experienced awful violence. The Sololá area surrounding Atitlan had some awful incidents, including, I believe it was in ’81, the murder of an American priest there by government forces. Stanley Rother was his name. Another religious, James Miller, from Wisconsin was murdered in Huehuetenango the next year.

The villages around the Lake, one of the most beautiful places in the world I think, experienced some specific violence from government forces. These were isolated K’iche

and Cakchiquel speaking places, picturesque and far flung, perhaps good hiding places for what the government felt were insurgents. But there was not a large presence of guerillas there. Nonetheless, they did experience some violent intrusions from the army. Montt took a page from Mao by removing the sea in which the insurgents swam – getting rid of the people.

In my village, San Francisco la Unión, from late ’73 to late ’75, while I was the only one in the parish house—a local woman would come in every once in a while and clean the place and she’d cook for me and stuff—the Guatemalan medical school had a—sort of a social services kind of internship thing that medical students had to do in order to get their degree.

And so, invariably these residents, and there were maybe three of them while I was there, would come in for two to three months out of the year and do vaccinations and health surveys and stuff like this. So, I had some company on occasion.

In the summer of 1974, two Jesuits, one of whom was from La Coruna, Spain, named Fernando Hoyos and another who was a Guatemalan named Alberto Enriquez, a Jesuit postulant, took rooms in the house. Enriquez hadn’t taken his vows yet. Well, we became quite good friends, and they would always make fun of the United States, of course. These guys are, they’re intellectual lefties, you know, particularly Ho yos but we became close. They were insightful, smart guys, really, who were perhaps—and I don’t like this term a lot, somewhat beholden to this idea of liberation theology, which gets a little bit of a bad rap, anyway, I think—. But they certainly weren’t about baptizing as many babies and getting them into the Catholic Church as soon as possible. They were concerned about the fact that half the village didn’t have enough food to eat.

So, they spent maybe—they were probably there for five or six months with me and in and out, and just—and they invited me to their Jesuit residence in a slum area in Guatemala City. It was Zone Five, right next to a slum called “La Limonada,” this awful heap of shacks. There were several Jesuits there, including a fellow by the name of Cesar Jerez, who had studied at—he was a Guatemalan, done everything but his doctoral thesis at the University of Chicago in political science.

Another fellow by the name of Francisco Corral—and another fellow, a Spaniard, a Spaniard who looked just so conventional, big thick glasses, and a real leftist, which had to explain why he was in Guatemala and not Franco’s Spain. And they lived on the edge of this slum area, and I spent a night or two there when I’d come into the Capital —every once in a while, just to be with them. I found them—I mean, intellectually they were really quite compelling and importantly had a handle on Guatemalan politics.

Q: Were they preparing for battle or preparing for a political party or—?

KRANSTOVER: You know, certainly two of them were really quite activist. Jerez, when the Sandinistas came in in ’79, was asked by them to come in and be the Rector of the Universidad CentroAmericana (UCA), and he did. And he went down there to Managua,

and he served as the Rector of the state university for six years I believe. He died a few years later. He wasn't in particularly good health. His nickname was "Gordo," or "fatty." Hoyos, the guy who lived with me in the village, the Spaniard, Fernando Hoyos—and there's a book about Hoyos, actually, done by his sister—Hoyos was—I left in October, November of '75. In '77, if I remember right, he was shot and killed by the Guatemalan army. He had actually—he had left the Church, or he just disappeared one night in '76, and he joined the ERP, the guerillas. And he was up in Huehuetenango, near the Mexican border, and he was with some of the guerrillas, and they got into a firefight, a "tiroteo" with the army and he was killed. The last time I saw Hoyos was a couple of weeks before I left Guatemala in the fall of 1975. We shook hands and he said, "Tal vez nos veremos en el futuro, empunando la misma arma." – perhaps we'll see each in the future, wielding the same weapon. Spooky I thought. I thought he had become very bitter.

Alberto Enriquez, the other fellow who lived in the village with me, the Guatemalan fellow, told me that story about fifteen years later when I ran into him in El Salvador. He himself had joined the FMLN (Farabundo Marti National Liberation Front), after going from Guatemala to the UCA in San Salvador (Universidad de Centroamerica), to finish his studies and where the Jesuits were killed in the fall of '89.

Enriquez, with whom I renewed contact in '94, when I arrived in El Salvador, was initially quite suspicious of me. He said, "Yeah, I remember you." I got his number through a mutual friend in Costa Rica. And we eventually wound-up having lunch, and about a year later I managed to get his little human rights non-profit organization a $350,000 grant - after following all the procedures, of course and having it properly reviewed in-house. He told me that story about Hoyos, but he gave me the details because I had heard—there was something called the *Latin American Newsletter* that I used to subscribe to, and there was a little story about Hoyos in there, about him being killed.

And another fellow with whom I worked in San Francisco la Union, who was a wonderful guy, who was also shot and killed in Huehuetenango was Mario Mujia Cordoba. He was a few years older than me. And he and his wife would come in almost every weekend to la Union. She would work with the indigenous women in the school there. There was an American nun who came in every week too, by the name of Mary MacIsaac, and she had set up this soup kitchen, with money from Save the Children. They had nutrition classes and a carpentry shop and—for lack of a better term, these sort of home economics kind of things. But Mario's wife was actually a nutritionist, and she had these wonderful little seminars for the women.

So, Mario would come up and he and I would go and visit the people in the village, and he would do stuff with me. He actually had studied agriculture at the University. He was sort of, you know, what they call these—they prescind from this Catholic social action tradition, which started in the late 1800s in Europe, basically to push back against the godless communists. So, the Church starts teaching about social justice and Catholic Action in Europe is started. The encyclical Rerum Novarum, comes out in the 1880s, talking about the dignity of man and the power of work and the dignity of work, and so

that's what—. And Mujia was on the tail end of this type of stuff when Catholic social action still had some elements there, certainly in Guatemala.

After I left, he was shot and killed in his office in Huehuetenango in front of his kids I understand, in probably late '78. And what he had done to get the powers that be annoyed was to seek to organize some workers into a union there in Huehuetenango, who happened to be in a—of all things, a little assembly plant for fishing lures that were exported to various places, and he was very—and he was attached to the Church, and he had a—he was a layman, outreach type of person. Involved in the community.

And it's a terrible story. I still get really bothered by it. So, he invited—these two guys wanted to see him one morning, 11:00 in the morning, and he said, "Yeah, sure, come on in. Hi. What can I do for you?" And they pulled guns and blasted him right there and walked out. And of course, it was never resolved. But he was that type of person who was a patriot and a bit too far left, certainly for some elements there in Guatemalan society. One of our Peace Corps group members, Dave Masur, married his sister-in-law shortly before this happened.

Not to go on about this, although, as you can probably appreciate, this did affect me a bit.

Q: Yeah.

KRANSTOVER: So, that's the abridged version of my Peace Corps experience. One last element here on that whole thing, which some might think gratuitous: I was just stunned by the medieval sort of optic that some of the Spaniards had that I saw and dealt with and worked with during that time in Franco's Spain. I remember just being amazed at some of their positions on things. Guatemala, I felt, was no different in that regard amongst some members of the upper class. I remember being at some party in the capital, some big Peace Corps party, and there were a number of wealthy Guatemalans in there, and some guy starts telling me about the dangers of international communism, as well as this cabal of Jesuits and Jews and communists who were no doubt trying to subvert the country if not the world. I remember telling this story to Alberto Enriquez, the guy who joined the FMLN, and he said, "Yeah." I said, "These guys are insane rightists." He says, "Yeah, and with apologies to the rightists." And they are. It's just this remarkably narrow eighteenth-century anti-Enlightenment sort of grouping, that seemed to believe that anything with respect to progress or secular society was evil.

Q: So, how did you like being a Peace Corps volunteer?

KRANSTOVER: You know, I left there with a lot of good friends, certainly from Peace Corps, a couple of whom I still stay in touch with. And feeling that I had actually done something sort of tangible there. And that was transformative. Spain, Guatemala, transformative. Holy Cross, you know, whereas, I say, I learned about ethnicity and prep schools, and received a good education.

Q: Did you feel that your experience working in the state park had really given you enough of the basis to feel like you were helping?

KRANSTOVER: I knew a little bit. And I knew about physical labor.

And I was able to absorb enough from my colleagues, certainly, at that point, yes. I think they were—in one sense I probably got lucky; they probably needed to fill a quota for the Guatemalan program. These Peace Corps recruiters, they're oh, jeez, we've got this program, we've already told the Guatemalan government we'd have this many down there, you know. But as I said, I think the Spanish capacity was probably a little more important at that point.

Q: Did you leave Guatemala in '75?

KRANSTOVER: Right, right, left in late '75, late October.

Q: What did you do next?

KRANSTOVER: I didn't come home right away. I went back to Holy Cross and got some recommendations from a couple of professors and then went home to Wisconsin. I came back here to West Bend, just twelve miles north of where I am now. And was there until late August, of '76, as I said earlier, working in a steel foundry, which was the best wage in the county at the time. I also met my wife Anne through her brother, Chris who eventually ran the emergency room at Henry Ford in Detroit for many years, and with whom I was playing soccer in a local club. And waiting on a couple of graduate school applications. I knew what I was interested in, fortunately, at that point, and was able to save some money living at home, and did a little substitute teaching, too, when I first came back, in the local high school.

Q: And so, where did you go to school then?

KRANSTOVER: So, I went off to Oxford. And was a member of St. Peter's College. Oxford had a graduate program called the Diploma—well, you get a diploma in anything, really, in theology for instance. Indeed, one of the fellows I lived with, an American, was doing exactly that, Tim Lietzke —he had gone to Princeton. Another housemate, David Moxon, who became New Zealand's Ambassador to the Vatican was doing a Diploma in theology.

I arrived there in late August, of '76. And it was heavy duty statistics and econ, international economics, development planning, and principles of economic development. In ten months in the tutor system, you know, one-on-one as a graduate student, you were one-on-one, as opposed to if you were an undergrad, you had four, five, six students with you and a professor, a fellow.

So, I wound up at St. Peter's College. You were accepted by the University and then put into a college. I was placed at St. Peter's in part because I really wasn't sure what the, at

that time thirty-six or thirty-seven Oxford colleges were known for. St. Peter's had as their Master a fellow named Sir Alec Cairncross, who was just this—no other way to describe him, flinty Scotsman, who had been in Harold Wilson's government, and an economist, a very fine economist. Sort of an interesting family. He was all about economic development and concerned about economic growth and things like this. This is a sidebar. His brother, John Cairncross, as I discovered later, was part of that group of Cambridge spies, with Kim Philby and Guy Burgess and Maclean. There was also Anthony Blunt, who was the Queen's art advisor in later years. Blunt, who was older, had recruited them in the 1930s at Cambridge. And John Cairncross was part of that group, but he was never indicted. He wound up working for the UN in Switzerland I believe - because he came clean. He actually—the British Intelligence Service got to him and—

Q: Like a plea bargain?

KRANSTOVER: And it was a bit of a plea bargain, I understand. He died in 1995.

And I didn't find that out until many years later. But I had a little econ at Holy Cross, but I just—I got dropped into this with about twenty other people, from all over the world, by the way. It was terrific. And if you're familiar—you know, you can go anywhere, particularly as a graduate student, within the university system for lectures. It's not like you have to sign up to get into, say, Professor Smith's class. If there's room you can sit down in seminars or regular "classes", what you and I would appreciate are sort of conventional classes and lectures. No attendance taken.

And so, that was just huge, just to be able to, you know, absorb the knowledge of some of these eminent scholars. Amartya Sen came in just for a couple of days and James Mirrlees was there at the time. Both of them won Nobel prizes in economics. So, because I was short on macro and micro theory and stuff, I would sit in on those, on those regular lectures at "Schools" or other venues. Many lectures were in a place called Schools, a building on High Street where they also did the exams, written exams at the end of every year.

The econ fellow at St Peter's was John Corina. Ostensibly I had to see him occasionally. I didn't take any course from him, but he did provide me with some counsel, certainly. His brother was at the *Financial Times*, actually. But they—really both very accomplished guys. And Corina was a labor economist, and the first meeting I had with him, I sat down, and we talked for about an hour, we had a nice conversation about all types of things, and at the end he says, "You know, Kranstover, we've had a little bit of a, how shall I say, mixed experience here with you Yanks." I said, "Oh, really? What is that now, what do you mean, Dr. Corina?" He said, "Well, you know, a number of you have come over here and essentially gargled at the fount of knowledge, as opposed to really drinking from it."

(Laughs) And I just—I didn't burst out laughing, but I almost did. And I said, "You know, Dr. Corina," I said, "I've got a year here and I intend on getting this degree. I appreciate that admonition nonetheless."

A few months later he asked me to go out with him for a pint. And we went to a typical sort of working-class pub near St. Peter's with another labor economist. These guys, you would have appreciated it. They're in black leather jackets, very cool and their hair is stylishly long. But they happen to be PhD Oxonians fellows, right? And so, the three of us are sitting there and after a couple of pints the other economist turns to me and says, "I suppose you're just like these other Yanks." I said, "What do you mean?" He said, "Well, your father's paying for this whole thing, isn't he? You're just from some rich family." I said, "As a matter of fact, I'm not." I said, "I'm solid middle-class." I said, "And I worked in a steel foundry for a while just before coming here." He says, "You're lying." I said, "No." I said, "No." And I had my union card with me.

Q: (Laughs)

KRANSTOVER: I had my union card with me. And I pulled out my AFL-CIO International Molders and Allied Workers Union card, and the guy—it was all over. It was just done. I couldn't buy another pint. This guy just—he was stunned.

Q: Weren't they all from very elite families?

KRANSTOVER: Well, these guys, I don't think that Corina was, and I didn't know this other fellow. He may have been. But yes, that type was certainly well represented at Oxford. He may indeed have been.

Q: But they had never met a middle-class unionized steelworker before? (Laughs)

KRANSTOVER: American guy, middle class, done some physical labor…….apparently not. I mean, they may have been accustomed to dealing, too, with some of the Rhodes guys, who all, by the way, as you know, do undergraduate courses, all the Rhodes students, at least to begin. Now, you can stay, ask for another year or two and do a graduate degree, an M.Phil or do what they call a D.Phil.

Q: Uh-huh.

KRANSTOVER: And I don't know that I ever worked so hard academically as I did there.

Q: I've interviewed a couple people now who studied in England, and I gather it would be very intimidating because you don't have that much feedback and then you have to go in for those exams. And if you were there for two years, it would be a lot to remember, right?

KRANSTOVER: Right, right. All or nothing sort of thing. And every week I would do a paper, three to six pages, typewritten, on a topic that your tutor would give you. And you would just—he or she would discuss this with you, the theme. It was heavy on theory the first three months or so, and then it got into sort of policy prescription stuff later.

But—and then you'd read your paper in front of them, one-on-one. You'd go in there and read. And then they'd sort of—it could be brutal. You'd just get picked apart. Or they'd say, yeah, great, wonderful, I think you got it, yeah, yeah. Then, they'd give you the topic for the next week and of course, off the top of their head.

One of my tutors was a fellow named Jeffrey James, a South African fellow, I thought a tortured intellectual, an unusual but clearly brilliant guy. He was a fellow at New College and attached to the Institute for Development Studies at Oxford, run by Frances Stewart. And he'd say, "Well, you want to read this particular article in the *American Economic Review*, and don't forget the World Development publication of 1968 that talks about land reform," etc. And so, you're writing all this stuff down and those are your six or seven sources that you want to read, of course, and then distill, and get back to your tutor with respect to the question that they're tossing at you and about which you are supposed to write. And then, of course, you're going—you spend your other time going to classes as you wish.

Q: So, you knew that you wanted to go into development work at this point?

KRANSTOVER: Yes. This graduate program—a friend of the family who lived in London at the time sent me the catalog on Oxford graduate study. I still have it, actually. And he had just dogeared that page describing the coursework and sent it to me while I was in Peace Corps with a little note, saying look at this. And I thought, Diploma in Economic Development. Well, okay, yeah. And it was a year, and I had no intention of becoming an academic. I was interested in getting out and getting a job and doing so, hopefully with some international organization. I had known about AID, being introduced to it just episodically in Guatemala, seeing some of their projects and staff.

Q: Oh, I forgot to ask about that. When you were in Guatemala, did you have much contact with the embassy?

KRANSTOVER: Not a lot. I believe one AID fellow did make it to the village for a visit. We did attend a conference on the environment at one time. But you've reminded me of a visit by the then U.S. ambassador who came up to my village at one point in what was probably, I don't know, the summer, late summer of '74. And this was Ambassador—

Q: This was William Bowdler?

KRANSTOVER: No. No, it was Francis Meloy. Francis Meloy. Robin, I knew he was coming up. The Peace Corps director in Guatemala had sent me a cable because you communicated that way—a telegram, right, that went to the municipality in San Francisco la Union. And so, I got about a two-day or three-day notice. And Francis Meloy, a career guy, came along with—there was a DIA (Defense Intelligence Agency) guy, I remember, and an AID guy and maybe somebody from the political section or consulate.

I took them around that day, and they were gracious and interested in what Peace Corps was doing, and it was just a real treat to have them out there in the boondocks in their big SUV. And of course, Meloy was there during— I had left, but a couple months after I left there was the huge earthquake in ’76, in February of ’76 in Guatemala. About 25,000 people were killed. And Meloy pulled all the relief efforts together, pulled the humanitarian assistance stuff together. Kissinger visited Guatemala at that time and was impressed by Meloy and ultimately sent him off to Lebanon, where he was then assassinated in the summer of ’76, July, August of ’76. Francis E. Meloy. Patrician, old school, Navy, just, you know, a good public servant.

Q: Oxford went well?

KRANSTOVER: So, Oxford, yes.

Q: Then—

KRANSTOVER: Yeah, right, right. And as I say, all or nothing. I lived with six other guys, graduate students, in a house owned by the college there on Walton Street, near the University of Oxford Press. And as I say—

Q: Not that many women in the program?

KRANSTOVER: There were a handful. There was—I remember—there was an Iranian woman. There was a British woman.

Q: There were people from around the world, yeah?

KRANSTOVER: All over. Venezuelan, yeah. A couple of Pakistanis, two Japanese, a Sri Lankan, a Yemeni fellow, Mohamed Al-Shohaty who became a minister in the Saleh government in late 1978, just after Saleh took over. I actually saw Mohamed about two years later in Sanaa where I was representing this small export group in Wisconsin. We were bidding on a World Bank education project, and I had to deliver the proposal. Mohamed graciously had me for coffee for a few minutes in his office.

Q: And you got through your exams?

KRANSTOVER: It was—yes, sweating bullets, just until the end there. It was two days of written, three hours in the morning, three in the afternoon and then the next day, three hours in the morning, three hours in the afternoon. And then, you got what they call a viva voce, or a—within the forty-eight, seventy-two hours afterwards. We would just—a viva meant that they either wanted to help you not to fail, or they wanted to get you an honors degree, or a “first.” And so, I got a call—the bursar—somebody at the college called me. I was sitting there drinking beer with a friend of mine, and just sort of decompressing, and they said, “You have a viva tomorrow morning.” And I started to think, oh, god, you know, I blew it, right.

Well, as it happened, they wanted to interview me for a first or an honors, and I didn't know that until I walked into the room at Schools. My two examiners, one by the name of Sanjay Lall, who died maybe twenty years ago, a very well-known development economist, and an Egyptian-Anglo by the name of Robert Mabro. Mabro was a labor market guy, but like Lall, much more. Anyway, just both delightful, accomplished guys. And they grilled me for over an hour on one element in that exam, which was on transfer pricing. Well, transfer pricing, as you may know, is just—one, it's an illegal means by which you essentially inflate your invoices if you're a company or a corporation by trading into shells and basically charging your one subsidiary this and another subsidiary that and making a bit of a profit illegally.

Q: Or avoiding taxes, probably.

KRANSTOVER: Avoiding taxes, for instance, yes. Maybe that's what I missed during my viva! Well, Mabro, to make a long story short, Mabro wanted to give me a first at the end, and he said "fine."—and Lall, Lall wasn't having it. And so I sort of sat there. And you know, you're in your—my white bow tie and your black gown and you're sitting, a little notebook in front of you and a—these guys go at it. But for five or ten minutes I'm a fly on the wall. And anyway, Mabro conceded, Mabro caved and Lall wins—and I can't remember the entire exchange—but I was basically relieved that (laughs) I was passing, even if I did not get a "first."

Q: So, was there anything that you learned or studied or thought about or wrote about there that helped you later to have a philosophy on development?

KRANSTOVER: Well, the whole thing, this whole pitch really is sort of the issue of a free functioning, transparent marketplace that we read about and study about in the neoclassical textbooks versus the real world and the issue of structural constraints to a decent market of your own in a particular country—and not necessarily one that just exports primary products, like bananas and coffee. But to have a manufacturing sector which gives greater value added. This is the why and the wherefore of "development planning" and why you have planning ministries all over the Third World, in Africa and Asia and Latin America.

That all came out of the fifties and the sixties when guys like Nkrumah and Nehru, first post-colonial leaders of their countries were looking for a different way or path of developing their economies, other than the capitalist or communist models. And the theorists who held sway then were two heavies named Wassily Leontief, a German Russian economist and Sir Arthur Lewis who crafted theories about how these countries should make economic policy with large labor pools. Lewis was from St. Lucia. Both of those fellows, as you probably know, also won Nobel Prizes. And they essentially said—looked at the economic theory of the neoclassical economists Alfred Marshall and John Hicks. From this comes the whole framework of Import Substitution Industrialization (ISI) which, to use the old term, the Third World embraced.

Hicks was at Oxford when I was there. He was ancient at the time but gave a lecture on occasion. He also won the Nobel Prize.

Essentially Lewis and others are saying, "Look, we have our own development path—we have our own elements of our particular country economies with different factor proportions, such as surplus labor, that aren't necessarily able to fit into the neo-classical theories." And so, this is hardly doing either economist justice, but—so we need development planning. We need to have some type of state intervention in order to make things function or get to the point where indeed we might get a decent manufacturing or industrial sector going wherein, we can then—as Walt Rostow would later say—where we can get into a "takeoff stage."

Rostow was talking about this in the Johnson Administration, with his famous graph, saying, "We're going to get Vietnam to "takeoff." And then, basically the communists will fall, and everybody will be happy. Well, so guys like Lewis and Leontief and others were essentially saying, Okay, yes, market economies, but not right now. And Leontief does this input-output analysis model wherein he's trying to get factor proportions for manufacturing and trade calculated to such a degree that precise inputs can actually be allocated to the manufacturing sector or ag sector and policy planned for the country. You know, when I went to Sudan in the early eighties, the Sudanese knew all about this stuff. And the Egyptians under Nasser embraced it. Robert Mabro, the Anglo-Egyptian fellow who was one of my examiners, talked about its failures. He said, in regard to deadly riots in Cairo in January of 1977 over price supports for wheat being abolished, "God help us," referring to Egypt's system and its future.

Q: If the Egyptians are doing it, yeah.

KRANSTOVER: Yes. But that was a theoretical sort of—. In some regards, it was a pushback by the rest of the world directed at the Western capitalist economy, saying, good, okay, but you've got to understand our history and culture.

And you know this from your experience in Latin America, with this whole business of the latifundios, which for me have always been a huge and primary constraint to efficient agricultural production and property rights and being able to get capital markets going and things like this. But that's a long answer to your question. That was revelatory in terms of—I mean, being at Oxford in that regard indeed provided me with some education on the whole development question of how countries grow.

I remember during Peace Corps this rigid autocratic fellow in the Guatemalan Ministry of Forestry said to me, "Well, all we need is an export-based economy because we've got the labor here (meaning the peasants) and that will really get our GNP (Gross National Product) going. We don't need any land reform; we don't have to do anything different." And I didn't know from Adam at that point. I think I may have said something to him about poverty up in the western highlands and how might that be resolved? Well, that always stuck with me. I remember thinking, "Well, maybe he's not right." Maybe that's not true. What about tax policy? If you're going to emphasize primary products, are you

taxing the farms or corporations extracting them and using that money for the social sector? Certainly not in Guatemala. And maybe an export-based economy is fine as long as you have a proper articulation throughout your institutions and your society and an economy of market signals and tax policy.

Q: Did you stop there with your education, or did you go on?

KRANSTOVER: Well, I thought I might, but I came back to Wisconsin and Anne and I married about a year later. Upon coming back home however, I immediately started work for a local construction firm in town as a laborer as I awaited a World Bank application – I did not get in – and lived at home once again. I actually took a few days off from my construction job, despite my foreman asking, "what the hell is the World Bank?" flew to Washington for my interview and came back to throwing bricks and boards around.

Richard Stern, who eventually became a VP at the Bank years later was one of many interviewers during those two days in late 1977 in Washington. I commented during my interview with him on Nicolas Stern, whose lectures on development and labor markets in the third world I had attended at Oxford, saying that I found the complicated and arcane mathematical formulae he used a bit too obscure and impractical. As the interview ended, I asked if they were related. He said, "Oh, yes, he's my brother. But not to worry. I find his formulations a bit difficult too." Right, I thought. Good move. What would I know? Nicolas Stern, now Baron Stern, went on of course to, among other things, do the Stern Review, the seminal report on climate change.

Finally, after about six months working in construction, I managed to connect with a small export firm in Madison. And Anne was working in Madison, and she had just received a Master's in Water Resources and Planning. And we got married in October of 1978 shortly after I started working for this small firm called EduSystems, lasting about a year and a half. During this time, I made it to Yemen, of all places, representing EduSystems to participate in the bid opening on a World Bank education project.

Q: What did the company do?

KRANSTOVER: This was a family-owned, export jobber group out of a little town just—in the southeast corner of Wisconsin here called Fontana with an office in Madison. They gave me a bit of a break, frankly, by hiring me. They had a project in Trinidad and Tobago, which was a school supply operation, with some financing from the World Bank which I helped manage. And then, as I said, they had me go over to Yemen for two weeks and sit in on a World Bank bid opening with the Ministry of Education. And in Yemen, I mean, I just—it was biblical. Have you been there? Sana'a was—this was just—Ali Abdullah Saleh, who was killed in December of 2017, was just—actually he had just come in—and I was there in November of '78, not long after Annie and I had gotten married, and it was still Northern Yemen. And about—I think then in 1990, Saleh pushed South and North to merge and form the Republic of Yemen.

One interesting thing about this trip is that I had been at Oxford with this Yemeni fellow I mentioned earlier named Mohammed al Shohaty. I had a fixer and driver who picked me up at the airport, and he took me first to the commercial attaché in the U.S embassy because I needed to open a letter of credit in order to sit at the table, a bond, and I had no idea where to go and what to do. My boss had just sent me over telling me to do this.

So, I start with the commercial attaché, who was quite helpful in that regard, and he gave me the names of a couple of bankers. I said, "So, well, where's the bank?" And he stood up from his desk, came around the desk, takes his finger and he—on the wall of his office he draws, through the dust on the wall, a little bit of a map. He says, "Here's where we are. Here's—now, if you go down this street and you come up here, and did you see the souk as you came in, it's over—." So, I managed to get there, and this old, old, charming Palestinian banker is sitting there, this multilingual fellow. Long story short, he gives me a bond. He knows about the bid, right? And we were able—we actually did quite well with respect to that particular bid.

Afterwards, I found out that the Education Minister was Mohammed al Shohaty. So I mentioned Mohammed to my driver and fixer and asked if he could get me in to see him. He says, "Oh, you know Mohammed al Shohaty?" And I went and I saw him the next day. And he just dropped everything, we spent forty minutes having coffee and drinking coffee. Not a word about the World Bank project you should know, really, just mundane talk about family and University—and that was—and then he had to go. And he was probably ten, fifteen years older than me or something, gracious to a fault and it was a delight to see him. Very unusual.

Q: Now, what was Anne doing when you met her? Was she—?

KRANSTOVER: So, Annie was—was finishing up at Madison with her—well, she was in graduate school in water resources management in Madison. And then, she got a job right out of school, just after we got married, with the State of Wisconsin Department of Natural Resources, and she worked there for maybe two, three years. And I went back to graduate school at UW in Madison. I left EduSystems after about a year and a half, realizing I really did wish to work abroad in some public service aspect. It was a great job for that period, but a family-owned operation, and three or four members of that family running things. Small grouping that did quite well in a number of places. But I thought, eh, I am not a member of this family.

I looked at some programs at UW and looked into the Land Tenure Center and got into a Master's program in ag-econ, graduate school program, and spent, I guess maybe a year and a half there. Received a Master's—and also received some funding from the Center for an assistantship on rural credit in Latin America, and ultimately helped to pull together a two-day meeting in Costa Rica towards the end of my time with a number of U.S. and Latin American economists.

The Land Tenure Center no longer exists. You may know it had received at least in the sixties if not the early seventies, some AID funding. So, I got a couple of

recommendations from Don Kanel, William Thiesenhusen, as I recall, and oh, John Strasma. These guys were very well-regarded ag economists. They had worked in international organizations. They were institutionalists, as they liked to say, land tenure guys, structural constraint guys, as opposed to operations research, production function types. And wonderful, wonderful people. And so, I applied to USAID and, after a 2-day interview in Washington, and what seemed like years for a security clearance, was accepted.

Q: And when was this?

KRANSTOVER: So, I applied for USAID in the second of three semesters in this U of Wisconsin program and was accepted. And then, it took about a year from, I suppose, April, May of ’80 to what was May of ’81 when I came in, actually came to Washington as a new IDI (International Development Intern) in that year’s program with about twenty others.

Q: So, at that time and for many years, USAID would bring new Foreign Service people in, and they called them interns, right?

KRANSTOVER: Right, right. International Development Interns, an entry level position on a career track to be a Foreign Service Officer with USAID. You needed a Master’s degree, except for the Controller position, but even then you had to be a CPA.

Q: But you were basically doing the rounds for a year and then?

KRANSTOVER: Right, yeah. And personnel had a person, if not two or three, assigned to us, and sort of guiding us, saying, if you’re interested in being an ag officer or a project development officer or an admin officer or something, then you should spend some time in the offices of Mr. Smith. And we were all over—we were in Main State at that time. And so, I did that, and over the direct—

Q: Is there anybody notable in your class, in your group?

KRANSTOVER: Well, we were small, actually. But David Leong and Bill Hamminck who became Mission Directors were with me. Bill ran USAID Ethiopia at a very difficult time. Very capable, smart, hard-working guy. Our government usually brought in thirty to forty people in a class, but the first few months of the Reagan administration was a bit unclear for State and AID, if not other federal agencies. We were fifteen people, if I remember right, fifteen or sixteen at the most. We were the first class in the Reagan Administration, and they had made noises regarding cutting back on State and AID, and so it was a little touch and go there for a while. I wasn’t entirely sure whether we were going to all be able to take the oath. By May of ’81 the Reagan Administration was in for five, six months, and we had been offered, I guess my offer letter, late ’80, was sort of legal tender.

Q: So, you spent a year in Washington?

KRANSTOVER: So, even less, yes. So, like May, May of ’81 to January of ’82. Annie worked at Garfinkel’s at Seven Corners for a while. We lived in Falls Church in a little apartment near Seven Corners, and I’d take the bus to Washington. She could walk over to Garfinkel’s. And then, we came back here to Wisconsin for Christmas of ’81, and perhaps two weeks later we were flying into—from Washington to Rome and then on Alitalia to Khartoum.

Q: Did you have any choice, or that was just where you were assigned?

KRANSTOVER: Didn’t have any choice. I think the first thing we all signed on the first day of work was the “world-wide availability” piece of paper. One fellow from the Khartoum mission had come in over the summer and interviewed me and—Steve Mintz, may he rest in peace, a very smart fellow from Brooklyn, who had gone to Madison, actually, and served in the Peace Corps. Anyway, we hit it off. And he needed another person. He had a deputy and one other guy in his staff office, and so—and I had passed the language exam in Spanish. I didn’t have to worry about the language exam. I had checked that box, so I didn’t have to spend six months hitting that mark with respect to that requirement for an eventual commission.

Q: And in Sudan they speak English.

KRANSTOVER: Yes, it was an Arabic and English-speaking country, although tagged as an English-speaking post. So, I made a bit of a fuss for a while and I got—Annie and I got six to eight weeks of Arabic with a contractor, a Sudanese fellow in an office around Dupont Circle, just speaking and listening to tapes. And I eventually came out of the Sudan with a 2+, actually, but I’ve been told my Arabic is really peasant-like – I never read nor wrote it, as I improved on it in the marketplace and at the office with local staff.

But it served us well. As you know, language is a security issue, I think. I mean, you’re stuck some place, you’re by yourself, right, you’ve got to be able to say, “Where’s the airport, where’s the restaurant, can you give me some water? I don’t have any money, right? Can you get me a taxi, take me to the hotel? I work for the Embassy.” Which of course can cut both ways. All of that stuff. So, I was pleased to have gotten that, which was a bit more than a number of other people had received.

C. William Kontos was the ambassador there at the time, who had started out with AID. And he had a little bit of Arabic. But then, Hume Horan came in, a real legend, a fluent Arabic speaker. I think he studied with William Polk at the University of Chicago. He was a Mideast guy, among other things. Ambassador Horan also spoke Spanish and French quite well. And he did a lot of his own meetings with the Sudanese. I mean, he’d take the political counselor over or the econ counselor to some meetings. There was a fellow, I think he was a political counselor, named Ralph Winstanley, and his Arabic was quite notable too, a three or four, and Horan’s was a four. That was huge in dealing with Gen. Nimeiry, who had come in in ’69 and ran things there until ’85, when he was tossed out in a coup.

Q: Was the AID program small?

KRANSTOVER: Quite large really Robin. And I didn't—and I had no idea until my eventual boss, Steve Mintz, started briefing me on it in late 1981. I was working in Central African Affairs at the time in my longest office stint during that time and getting familiar with AID and State.

Nimeiry, Sadat and Gaddafi all came in in '69, and they started talking about this sort of Pan-Arab Union, which fortunately never came to fruition, but would have involved some type of merging, politically or commercially or otherwise, of those three countries. But what Nimeiry did when Sadat negotiated the Camp David Accords in September of 1978 was to jump on the bandwagon and say, Sudan will support this.

And because of that—as well as its strategic position because of the Nile waters, it's always been of a certain importance. You may be aware of the recent brouhaha that the Sudanese are having with the Ethiopians regarding the dam on the Blue Nile and the fact that the Ethiopians have dismissed or ignored Sudanese concerns, as well as those of the Egyptians, for that matter. The water resource issue is so fundamental to that particular part of the world, and the place—Sudan was—it just—because of the two oil shocks in the seventies was just such an economic mess. They lost a huge amount of human capital, very fine technocratic Sudanese who went to the Gulf or went to Saudi Arabia, and they were running things, the Sudanese were running the Saudis' and the Gulf states' oil and business operations. They were Western-educated guys, British and U.S.-educated guys, and so they were sought after technocrats. The country of Sudan however was hurting.

Because they were partial to or had signed on or supported Sadat in these negotiations with the Israelis, all of a sudden, our foreign assistance spigot started to open up. Congress wanted to support Nimeiry in that regard. This is now a few years after Cleo Noel and George Curtis Moore were killed, along with the Belgium chargé, in '73. There's a book on it by David A. Korn, called *Assassination in Khartoum*. With that, of course, with that incident in 1973, we turned our backs on the Sudanese and said we're not dealing with you guys until you get your act together. The Camp David Accords were concluded in 1978 and that switches things up, of course, and realpolitik prevails, right? Even though Nimeiry ostensibly was a dedicated leftist. When he came in a coup in '69 it was in part with the help of the Sudanese Communist Party, and he still had their support in maintaining some kind of stability there, such as it was, in Sudan.

At the time, the Chinese and the Soviets both had a large presence in the early 1980s. Interestingly, the Chinese had barter trade agreements with Sudan, and maybe still do, wherein they would trade rice for a certain amount of gum Arabic or sugar. No money would change hands. I would run into some of the Chinese embassy guys at the neighborhood butcher shop on occasion. They all had very fine Arabic.

Q: I was reading a little bit and it said in '83 that he started imposing sharia law and abolished the South Sudan autonomous regions.

KRANSTOVER: Right, right.

Q: So, that sounds like it was a very active time, politically.

KRANSTOVER: Yeah, yes, very. And so, he does this in late ’83, and he does it in large part in order to bring in one element of Sudanese society that he didn’t have supporting his regime, which were the Islamic fundamentalists. Hassan al-Turabi, in particular, this Sorbonne-educated, charming Muslim fundamentalist who was a formidable interlocutor with all kinds of people and agencies and governments. And with bringing the fundamentalists in, the army made a sweep through Khartoum and basically closed down all of the liquor stores, which were invariably owned by Sudanese Arab Coptics, Christians, and used the alcohol for their own purposes, although in a rather grand gesture dumped much of it into the Nile, all of this booze, beer and liquor. A huge waste to my mind.

And that’s when the Southern Sudanese started—they said to the central government basically we’re not dealing with you guys anymore. We were under the impression that we southerners were part and parcel of this whole vision of a coherent nation. If you expect us to subject ourselves to sharia law—which Nimeiry attempted to do, initially in the south, cutting people’s hands off and having public floggings and stuff like this—you are wrong. They had public floggings and amputations in Khartoum during this time. The southern Sudanese said, “Sorry.” The Nuer and the Dinka and the Shilluk and these tribes, the big tribes in the south, the Nilotic groups, said, “Sorry, we are not participating.” The Embassy sent out a notice prohibiting staff from going to any of these public punishment spectacles, some of them held in the soccer stadium in Omdurman, across the river from Khartoum.

One of the southern leaders you may have heard of, John Garang, who had studied at Iowa State, doing his undergraduate degree at Grinnell College in Iowa, probably on an AID scholarship at some point, eventually becomes the Southern Sudanese Liberation Movement’s leader.

Garang, and I’m so sorry I didn’t actually meet him, but he came to our offices after the fundamentalists had been brought into the government by Nimeiry, and he talked to our then Director, Art Mudge. Art was a Princeton engineer and Harvard lawyer, a thoughtful, spare New Englander who was our AID director at the time. And Garang I understand from a brief of this conversation basically said, “Look, things are difficult, and this does not augur well for the South. We Southerners have been neglected and exploited since ancient times and we’re not adhering to Sharia law of the Nimeiry regime. And by the way, you USAID guys ought to concentrate some of these projects that you’ve got in Sudan on the South.” We agreed. And we had some smaller projects in and around Juba at the time. Well, shortly thereafter Garang is sent to the South by Nimeiry to calm a potential mutiny in an army barracks after the fundamentalists come in—sent by Nimeiry to a place called Bor on the Nile. Down river from Juba, heading north. And there was a Sudanese garrison there, and Garang went there with an Arab

colonel colleague. Garang was actually from the town of Bor. Bor is really nothing but a wide spot in the river, surrounded by swamp and grassland – in what they call the "Sudd," a vast area larger than the state of Maine, flat as the eye can see and home to the largest southern tribe, the Dinka and others like the Nuer and the Shilluk.

Anne and I went through there earlier on a paddle boat from Juba to Kosti, a trip of a week, a few months earlier, as part of a quick assessment to get a sense of the economic activity in the region and simply to understand the scope of what the Sudanese and others hoped might be a river transport improvement project. Chevron had started oil drilling in that area and the Sudanese really had no proper way of bringing out the oil by boat or tanker. The physical constraints were just too much. The Jonglei canal, meant to cross the Sudd and provide a shortcut through it, was just starting. The River Transport Corporation had three or four of these paddle boats which the Dutch had given them I believe. As with the Railroad Corporation, they had also started to deteriorate because of a lack of attention and maintenance.

Garang arrives in Bor with this northern Arab officer colleague, and they went into the barracks at Bor and the rank and file shoot the Arab colonel right there, and essentially said to Garang, "You've got a choice to make here, John. You can help us out. You're a sophisticated, educated officer who knows the world." And Garang never returned to Khartoum, at least from this trip.

Then, of course, all hell broke loose. The second civil war, post-independence, was on. And traffic on the Nile stopped, the transportation. Chevron, had big oil operations or exploratory elements mostly in a place called Bentiu and a Dutch employee of Chevron's, if I'm not mistaken, was shot to death and things got ugly fast. And the Eritreans came in and started to arm the SPLA, the Sudanese People's Liberation Army, and things didn't settle down for another, really, I mean, for another thirty years, until the parties went to Naivasha in Kenya in '08, '09, '10, and started to seriously talk about Southern Sudanese independence. A hugely complicated place, I found, and just really quite extraordinary in its reach and its diversity.

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Q: Good afternoon. It's February 9, 2022. We're continuing our conversation with Peter Kranstover.

So, Peter, you did a good job of describing what was going on in Sudan while you were there, but I wanted to ask you a little bit more about your work. And so, first of all, you were part of USAID, which was very large there at the time, and there was an embassy there. So, could you describe what the major development goals were and who the leadership was and what they were trying to achieve?

KRANSTOVER: Right. So, I think we spoke a little bit about Sudan and, despite having broken off, about a decade earlier, relations with them because of the assassination in

1973 of Ambassador Cleo Noel and the DCM Curtis Moore, we came in with a large portfolio after Camp David. If I remember, we were at $150 million to maybe $200 million a year for Sudan. And a lot of it is what Congress calls ESF money, or Economic Support Fund money, which is essentially a cash grant as opposed to money from another appropriation column called Development Assistance, which requires you to design and implement longer term projects.

ESF, after some conditions are met, is disbursed to a country's central bank. Egypt and Israel have received this for many years, Pakistan gets this, Colombia and El Salvador received large infusions of it during critical times - it's a security element to our foreign assistance whereby we basically, per some conditions that we negotiate with the host country and their Central Bank, give them tranches throughout the year or years, subject to conditions or policy achievements on which we both agree, following a calendar reflecting that.

Sudan had an overvalued exchange rate, and so exports were expensive relative to their imports, and we wanted them to have this export-led operation and economy if they could, despite the fact that there weren't a lot of manufactures or things that they produced. They had cotton, gum Arabic, and they had sesame and they had sugar cane and things like this, primary product stuff. We, in our wisdom in the Reagan Administration said, we've got to start at least talking to them about the importance of the private sector and get these guys on their feet.

And that indeed, of course, is part of the theory of development. You have an interregnum or gap wherein you're assisting and sometimes pressuring your host country to go through some economic policy changes, to move from a statist operation perhaps to a more market-based economy. And so, there was probably $100 to $120 million a year that we had just in ESF money, cash grant stuff that was given to them, as I say, in these various tranches over a period of a year or two or three. This was essentially foreign exchange for the Sudanese private sector, channeled through the Central Bank, theoretically to be used for buying inputs for Sudan's small manufacturing sector. Foreign exchange was always scarce.

We also had a couple of great big agricultural research and development projects down in the middle of the country, around the Al Gezira cotton growing area that the Brits had put in in the twenties and the thirties. The Gezira was a somewhat moribund parastatal operation that produced cotton and sugar cane and sesame – not too efficient but nonetheless an important source of hard currency revenue for the Sudanese. It's an irrigated operation for the most part and they hadn't maintained the place. Pumps were broken down, canals needed to be fixed. And of course, we had a couple of ag economists thinking of different crops that might be grown in that particular area, as well as around a place called Damazin, on the Blue Nile. Our efforts were an attempt at making the ag sector a little bit more efficient, and that was a huge undertaking and probably wasn't going to happen, certainly, during the time of my tour there or indeed throughout a five- or six-year period there either. Nonetheless, the effort was certainly worthwhile, and we did a couple of good things with respect to bringing in more farmers

under the government of Sudan auspices and therefore allowing them to get technical assistance and fertilizer.

We also had a big primary healthcare project that one of our officers, who was a physician herself, Dr. Mary Ann Micka, managed in concert with some of the women in the Sudanese government in the health ministry on inoculations, pre- and post-natal care and vitamin deficiencies, things like this. In all these instances, we were starting out, though, from a low level in that we just hadn't been around in Sudan for many years, for that eight-or nine-year period wherein development assistance, our presence, was non-existent. And they had this inefficient, central government planning model of development.

Q: What was your role? Were you on the ag side?

KRANSTOVER: So, all of the time you're in that section—I like to describe the project development officer and the program officer backstops, if you will, as staff types. I mean, you're supposed to understand a little bit of finance and economics, and you're supposed to understand, certainly, how the bureaucracy works, i.e., how to get that money that Congress has appropriated and understand the legislation because appropriations are every year.

Kennedy, when he formed AID in 1961 didn't want that. He wanted multi-year appropriations, but Congress—they said no, we're going to give you yearly appropriations. So, we had money for the kinds of things that I'm mentioning to you, reflected every year in appropriations legislation. So, we would go to our counterparts in the government in the ministry of foreign affairs or agriculture or planning, wherever it happened to be, and discuss with them exactly what it was that we thought might be viable in agreeable projects. And all of those areas of primary healthcare, agriculture, fixing up the Gezira, energy, and then, of course, a little bit later on food aid and some refugee money as well as some road building, started to form into projects and become more established.

Energy was a huge element of our portfolio, and that one got tossed at me relatively quickly. The entire electrical infrastructure of Sudan, mainly based on hydro, was essentially in dire need of repair when we got there. Each Embassy household had a generator, a diesel-run electrical generator attached to it, if only to keep the refrigerator going for a few hours a day and keep the water coming through the house - the electrical grid was so deteriorated, it just hadn't been maintained all these years, all throughout—since Sudanese independence, certainly, in the mid-fifties. Blackouts were daily when I arrived in early 1982.

We took some of that ESF money I mentioned earlier, and we said to Washington, we're going to make a project with these funds - we're not going to give it to the Central Bank. We took maybe—I can't quite recall, it was $10 to $15 million, and of that we took $2 million, and we essentially called Bechtel, in San Francisco, and we said, listen, we need you guys to come in and provide some technical assistance to the Sudanese electric

authority, the Energy Ministry. We need three or four engineers. Here's a six-month contract. We're going to essentially waive competition for this procurement—this is an emergency, and indeed it was.

And so, we got Bechtel into Khartoum relatively quickly and they stayed around for eventually two years and provided some very good technical assistance to the Ministry of Energy. And got the grid going predictably again. At the same time, we had to buy, Robin, a number of generators for one of their big dams because—and it's so crazy. Twenty years later, thirty years later, in Pakistan I found that we were doing the same thing for the Pakistanis with respect to some of their hydropower stuff up in the northern part of the country. And somebody said, the Sudanese and the Pakistanis, they build, operate and then rebuild, instead of building, operating and maintaining. Because policies were not in place and personnel and institutions to do this were not in place, to say nothing of money. (Laughs)

Q: Maintenance.

KRANSTOVER: Nothing or very little was being charged in many regards or certainly collected by the central government. So, we engaged in dialogue with the Sudanese, saying, perhaps you should increase electrical prices a bit and use those funds to maintain the grid. Don't forget, this is, for all intents and purposes a socialist republic, that Nimeiry had put in place. So, that was a little bit of a difficult dialogue, and one that, frankly, I don't—we can hardly claim victory. But the point here was that this was an emergency, and indeed, people were out in the streets in a couple of instances—you know, it's 105 degrees at 6:00 in the evening, and there's no—you don't even have a working fan in your house. Also, the small textile sector there, they had some—light manufacturing, metal manufacturing, stuff like this, was unable to function at all.

It was so bad that, for a period of six weeks in mid or late 1983, I remember, there was no electricity in this country of maybe twenty-two, twenty-three million people. This was the largest country at the time in Africa and things were just going downhill. And indeed, we started—the embassy started to talk about evacuation because it was getting to be such an untenable situation.

Q: So, it sounds like by bringing Bechtel in that you were able to actually—not fix the problem or address the structural problems that caused the deterioration, but at least get a major impact on the country.

KRANSTOVER: Yeah, it did. And Washington was all behind it; they said, Yeah, let's do this. And as I think I mentioned earlier, with the Nile going right through there and the need to keep your water pumped out of there in order to keep your population—in order not only for the ag sector but to keep your population alive, this was—we argued that it was really a security issue, much like, again, to mention Pakistan, what I witnessed years later. Interesting that both of those countries were British possessions.

Q: Did you come up with these ideas yourself or were you part of the operation?

KRANSTOVER: Well, Sudanese officials did meet with us and, admitting the dire nature of the situation, asked us for aid. I wrote the rationale for waiving competition and bid procedures for the technical assistance. I remember I was the lowest ranking guy in AID at the time, so of course, they came to me, and they said, here, write this up. Give us a rationale. And I got it through the two lawyers, one at our regional office in Nairobi and one in Washington, after approving it in house. I mean, it was all of a three-page legal pad, single-spaced long-hand piece, you know, that everybody seemed to like. So, that did the trick for what was ultimately this no-bid contract.

Q: And then, were you involved in watching over what Bechtel, what the contractors did?

KRANSTOVER: Yes. And getting reports and seeing what they were doing and accompanying them to meetings and trying to—I mean, I knew nothing about electricity or the utility sector or anything like that, and that was a real education. Got lots of help from our engineer, Lynn Sheldon. Their utilities were reflective of big parastatal operations that the British had put in initially, but had deteriorated and become, ultimately over the years, for—sinecures for various Sudanese regimes.

The railroad was the same way. We did a big railroad maintenance project with local currency in order to fix the line. Because that was a monster element in their infrastructure, again, another piece that the British had started. They put it in in the late 1880s—mid 1890s, actually. Churchill came in as a young cavalry officer with the British army led by Lord Kitchener and they laid this thing out from southern Egypt into Sudan, down to Sennar, north of Khartoum. South of Sennar, across from Khartoum, the British had the famous Battle of Omdurman, or Karari, with the Mahdi's forces, and essentially then took over the country, again I should add. The Mahdi had defeated George "Chinese" Gordon in 1885 in Khartoum and now the British were back.

Churchill writes about this in *The River War*. It was a huge thing wherein the Gatling gun was used for the first time in combat. And something like—I may be exaggerating a little bit—but something like thirty Brits died and 12,000 Sudanese died, these fundamentalist Mahdi followers—fundamentalists who were part of this millenialist view of the world, throwing themselves at the British, some believing that they were literally bulletproof. The vestiges of that facet of Islam are still around in Sudan, as evidenced by them taking in Osama Bin Laden in the early 1990s.

In any case, the railroad went out to perhaps 100 miles east of the Chad border to a place called Al-Geneina, or The Garden, in Arabic, in the Darfur area. That was an essential element of their transportation grid, such as it was. There were no roads out to the west. They didn't have diesel; they didn't have maintenance.

So, USAID put me on this train. It took us five days at about twenty miles an hour to get to Geneina, along with—I was with our engineer, our AID engineer, Lynn Sheldon. And he and I went with a railroad engineer from the Sudanese Railroad Corporation, and we went all the way to Al Geneina, the literal end of the line, stopping in various places. We

had financed the drilling of wells previous to this along the rail route and we inspected those. We stopped at several villages. It was epic.

In Kosti, south of Khartoum where we started to head west, the railroad had an old yard just full of these ancient railroad locomotives, parked on inoperative rails off to one side. It looked like a post-apocalyptic art installation. Just acres of these things, reflecting the decades during which the British and Sudanese had simply replaced locomotives with new ones, instead of repairing them. For decades this was the maintenance protocol - because the railroad hauled out cotton, sesame, gum Arabic and sugar cane from the south and the west, important commodities in Sudan and it was faster to replace the engines than repair them. The Kosti yard was this classic picture of poor management, no maintenance and no budget, a dystopian landscape. Mad Max – like.

We traveled in an old, mahogany appointed caboose which had a metal tank on top, which stored our water. We had a bathtub in the car, a little food and liquor. And we had a cook, a railway employee. And we went all the way out to Geneina, with peasants sitting on the railway cars under that blazing sun. We made inquiries, wrote a report, talked to the locals in the villages, confirmed indeed that the railroad needed to be upgraded, that it had to be done and should be a development priority. We made some estimates regarding the annual value of crops the railroad was carrying. Upon arriving in Al-Geneina, the station master told us that there was no diesel, nor was the telegraph line working. We could only laugh. Our Sudanese hosts were embarrassed. This was not on the agenda.

We spent two or three days sleeping in our rail car, exploring the town and waiting for a plane which a German construction firm had come in every two weeks or so for their personnel. They were exploring the area towards the Chad border for a proper road route with African Development Bank financing. After a few days out of touch, we did get a plane back to Khartoum. Ultimately, we wound up agreeing to give the Sudanese Railroad Corporation, which had an old union and was heavily leftist, at one point a Sudanese communist party stronghold, a few million dollars in local currency in order to keep this thing going.

Q: This was a different approach. You didn't try to bring in experts to rebuild it?

KRANSTOVER: No, it would have cost hundreds of millions. And because it was what they call local currency, which had been generated by Sudanese businessmen, putting that local currency into the Sudanese Central Bank in order to draw dollars, it was the Sudanese's responsibility to program and disburse these funds – we sat at the table with them, but strictly speaking it was their money now. That's the method. To do something more traditional like an AID project, would have been too massive, beyond our scope.

Local currency then, according to the agreements that we always have on these things, is to be mutually programmed between the U.S. government and the host country government. So, we would often have these meetings, certainly on a monthly basis, with the Sudanese finance ministry, and say, how do you want to use that local currency? And

both parties would have to sign off. Infrastructure was a big deal, certainly, and we didn't have—

Q: If I recall correctly, the reason that they were using that local currency mechanism was they wanted to avoid inflating the money supply too much.

KRANSTOVER: Right, right. That was part of it. You could—in a sense, when the private sector in Sudan as well as other countries where we've used this, comes in and gets access to that hard currency by putting in an equivalent amount in local currency, you're essentially sterilizing a portion of your money supply by putting the local currency in something like an escrow account.

Q: But how did it work in comparison to the energy sector? Was it less effective because you didn't have as much control over the work?

KRANSTOVER: Well, that's an interesting question. I suppose if I got backed into a corner I'd have to say yes. Because—

Q: I don't want to back you in the corner.

KRANSTOVER: Well, it's interesting—and you've touched on a theme regarding this whole particular account method that continues to this day. We did this in Vietnam, I understand, in the sixties. And it started out, really, in the Marshall Plan, where local currency would be "sterilized" and held in a non-active account in the Central Bank. Sort of like escrow. It essentially gives the host country's private sector an incentive to not only use those dollars—but as they put up an equivalent amount, they're essentially buying imported product at the official exchange rate, so it was an attractive source for local businessmen.

Charles Kindleberger, who was a famous international economist at MIT, but before then was part of the brain trust on the Marshall Plan, thought of sterilizing local currency, using it—essentially creating another account. It also provided local buy-in to the particular project or policy efforts in which the host country is engaged.

So, the Sudanese would always push back at you on the railroad stuff. If you'd say, well, in village so-and-so, you haven't done much, they'd say, yeah, you're probably right, we'll take a look at it. But the dearth of capital, personnel and equipment and stuff like this was just such a huge barrier to an essential infrastructure element, that we did not pressure them too hard. Legally speaking, it was their money now. Infrastructure everywhere had deteriorated so much over the years, with no maintenance or indeed fee collection in order to provide a financial basis, for instance, that sustainability was at this point, not high on anyone's agenda.

Q: But they were working with you?

KRANSTOVER: Oh, yeah. I must say—

Q: I mean, they weren't stealing the money or anything. They were trying to improve the system, yeah?

KRANSTOVER: We had about six or seven Sudanese and Ethiopian professionals in our accounting section. The FSNs (Foreign Service Nationals), I worked with in all the places I've been, I don't know what we'd do without them, frankly. They're just—they're fixers and cultural guides and good, professional people who know our systems, and they would do audits of these funds. And at least in the two-and-a-half years that I was there, there were no issues regarding those disbursements. There may have been an inefficient use of the money, but it wasn't as if—nobody was getting a bag of money at some point in the middle of the night from any of these accounts. And as I say, the dollars were disbursed—are always disbursed to the Federal Reserve in New York. Each country's got an account and then our accountants or our controller would say, ok, things are in place, we can give country X the funds or part of the funds. And so, controls are tight on our end.

I always thought….that's one of the big things that you appreciate too regarding foreign assistance. People say, well, you're giving them this much money and they're wasting it and things like this. It's a little more involved than that I would say. If people are asked whether we should have a foreign aid program, many will say, "No". If you ask them however, if we should help people through humanitarian programs or disaster assistance, they are very much in favor.

Q: So, in the eighties we had sort of transitioned away from AID doing the work to having contractors, right?

KRANSTOVER: Yes. Right. It seemed to pick up then, and USAID lost personnel also, just through attrition. After Vietnam, 1975-1976, USAID lost about half of its personnel.

Q: But we were still, by using the local currency, we were still feeding the money through the local governments and not so much through the beltway bandits yet, right?

KRANSTOVER: Right. Right. And some very effective small grants from that stuff too that you could give to civil society organizations, non-profits.

Q: Right.

KRANSTOVER: In Honduras, this was important with respect to the number of small democracy, human rights, primary healthcare, small finance and savings cooperatives in the rural counties. I mean, with $50,000 in local currency, that could be very effective in terms of establishing those groups. We even negotiated the use of local currency to be used, managed by the Planning Ministry, to support excavations at the Mayan ruins of Copan which the GOH did with Harvard. Ricardo Agurcia, a Honduran archaeologist headed the Honduran team. Although Harvard took most of the credit. But that has become a huge tourist draw.

Q: And then, years later we all got on the bandwagon, it was called development effectiveness, AID effectiveness, and I think—well, in the seventies, if I'm recalling correctly, AID brought in some social scientists to make sure that that kind of approach of, okay, you did this work, you got it working, but is it still working? Is it really helping the farmers? You know, that kind of second and third order effectiveness approaches were starting to be looked at later then.

KRANSTOVER: I think so. I think you're right on this. That debate started in the sixties and then what they called the New Directions legislation came in '73, '74, where basically Congress said, aid should be used for basic human needs. So, just give countries the money. That's a brave paraphrase, but the thought was in part that it's difficult to track impact. It's difficult to really put your hand on a significant categorical shift or causal effect from a year or two of foreign aid—although, if you hang in there—and this is my contention—long enough and you've got enough money and a decent human and physical infrastructure in your country, and that's a big if in a lot of places, you can do that. Taiwan, Turkey, Japan, Korea, we can say Chile, Argentina, Costa Rica, Panama all can be considered "graduates" although Japan, Taiwan and Korea underwent deep land tenure restructuring before really "taking off." And of course, they had come out of a devastating war.

When the Reagan Administration came in, they really started to zero in on this impact issue and say, after two or three or four years in a place—I'm exaggerating a little bit, but it was sort of like—well, why haven't you transformed this place from some poverty stricken backwater into a thriving middle-income country? Well, there's all kinds of responses and books about exactly that kind of question. But what it did do was to create a very focused and I thought, in many regards, important evaluation structure and unit within AID. And that's important, certainly if only with respect to lessons learned and stuff like this. One can certainly learn what not to do.

But if you're asking, if one of your goals over a period of five or six years is to raise GNP by one percentage point, that's probably a little pie in the sky, unless you get some fundamental structural changes, I think, and you get a lot of capital formation and things, or if you're starting from zero. The whole theory, and when people started to talk about this in the fifties and the sixties, prescinding from the Marshall Plan, is to have the ability to come in and encourage savings and investment, which leads to capital growth, which leads to your manufacturing and private sectors thriving, which leads to jobs, which leads to tax revenue, which can be reinvested by the state. All of this, as you know, assumes that you've got a decent public sector-private sector institutional basis such that you've a functioning and efficient economy where all your signals and sectors are firing properly. And your resources are being efficiently allocated in order to produce goods.

Q: That's the macro level.

KRANSTOVER: Yeah.

Q: But the micro level can be—you can do irrigation, but you might be irrigating the wrong crops, or you might be doing it in a way the farmers can't use, or things like that. And so, with these infrastructure projects it sounds like you guys were very focused on what you thought was needed to be effective to get these services up and running.

KRANSTOVER: Yes. I mean, that's what was needed. That's what was needed, and indeed, again, with the Marshall Plan, first thing, get that big stuff going, do reconstruction. Reconstruct, fix it up, get some tangible wins—and that leads to greater communication and transparency and signals being picked up in the marketplace. Some guy in the south might say, oh, I need this, and communications and transportation are such that he can get that from the north. Signals get communicated and resources come together for this product. And so—and investment begins to take place—is taking place not only for the private sector, but also the public sector. But again, Sudan was just—it was such—the Arab oil embargo had hit in '73 and then they got hit again in '78. They were not, at that time in any case, an oil producing nation. And as I think I mentioned earlier, many of their capable technocratic middle-class people had gone to Saudi and to the Gulf in order to get these jobs, which through remittances allowed them to support their family back in Khartoum.

Q: So, you worked on these two big projects? Was that what most of your time was spent on?

KRANSTOVER: Pretty much. But I—yes. In relative terms we probably could have used ten more people in the building. And so, I got quite an education on the larger portfolio. And as I say, as part of what I like to call the staff office, you could be pulled off in order to do other stuff, and indeed, the refugee issues were coming to the fore then and we were just beginning to get indications of food shortages in the west because of drought and crop failure.

Estimates were that 500,000 Eritreans and Ethiopians were settled in makeshift camps all around the Khartoum metropolitan area at that time because of the Eritrean-Ethiopian war, as well as an earlier exile wave from Mengistu and the Derg, who had tossed out Haile Selassie in '74 and ultimately executed him. And looming issues regarding food and stuff in the east. We left shortly thereafter in May of 1984, but USAID and the Embassy had already started to get some signals regarding food shortages, ultimately leading to that—the huge famine in '85, and then the overthrow of Nimeiry. I think some of his last words were, why can't they buy Pepsi and get some bread? And that was sort of—that was kind of the end of it, his version of Marie-Antoinette. And my wife, Anne, who I always said was much more marketable than me with her background in water resources—she'd gone to a couple of the camps in the East near Kassala and made some remarks and observations that ultimately—

Q: Was she working in AID?

KRANSTOVER: She worked at the University of Khartoum with three or four Western-educated Sudanese professors, at their Environmental Institute, looking at

desertification and agriculture and water resources and similar themes, so she was familiar with these issues.

We also had a rather flamboyant officer, a social scientist whom I can't forget, named Jerry Weaver, profiled in a Robert Kaplan book called *The Arabists*. And he and Hume Horan, this is a fascinating story if you're not familiar with it, but Weaver was instrumental in getting the Falasha Jews out of Sudan, from camps where they had settled, having them stage in eastern Sudan. And Jerry, who died about ten years ago, was an irreverent, unorthodox type with a PhD in anthropology who moved to Embassy offices from USAID to do refugee affairs and probably spent much too much time in Sudan. I think he spent six years there before he left. But through charm and cajolery, if not more deft and unorthodox measures, was able to get this operation going with the tacit approval of some of the officers in the Sudanese intel services, beginning in 1984. The numbers escape me, but some 12,000 to 15,000 Falasha Jews from Ethiopia—flew from Khartoum to Israel. Kaplan writes about this in *The Arabists*. Jerry kept this all very quiet while it went on, with support from Ambassador Horan, but for some reason later spoke with the L.A. Times while he was still in Sudan. The entire program was exposed, making the Sudanese very angry. He had to leave country rather quickly.

Q: So, did you feel like the AID mission was well-managed?

KRANSTOVER: Yeah, I did, actually, all things considered. I mean, there was always a lot to do. We worked very hard, distances were huge, the roads were rotten. You couldn't just—there were a couple of nice hotels in Khartoum where you could go on a Sunday. We had Sunday off. And of course, Friday was a workday for us, but not for the government. In any case, Art Mudge was the director, Keith Sherper as the Deputy and then a fellow named Bill Brown came in during my second year. And Hume Horan. And Bill Kontos before him. Everybody, I thought, worked hard and got along quite well. A fascinating place. You had war going on in Chad and an insurgency in the south and great instability in Ethiopia. So, a difficult atmosphere to say the least. And the Sudanese, I thought, were overall very good to work with. We had our own plane, which took us to various places in country, including our two-person office in Juba.

And I may have mentioned earlier that we adopted our boy, Mike, in Khartoum when he was about eight or nine months old. He was in the Italian hospital having been abandoned and we found out about him. And it's a much longer story than that, but he is a Coptic, a part of the small Christian, Orthodox and tiny Catholic group of Arabs that the Brits brought in in the 1880s, 1890s as—

Q: His parents were deceased, or they couldn't take care of him?

KRANSTOVER: The OB-GYN there was an old, Coptic guy and Anne somehow got in touch with him because we knew we were probably going to adopt. We'd been married three or four years and we knew we couldn't have children. So, he said, "Well, as it happens, I have this child here who's been left by his mother, a Coptic woman."

The implications with respect to an abandoned child or a child out of wedlock, with the Copts as well as the Moslems can be absolutely, quite literally deadly. And so, the OB-GYN just kept Mike and he took him to his house, and he had him in the back garden area in a small room. An Ethiopian woman was taking care of him. But—and I don't know how he did this, we were quite naïve, but we took Mike home. And about three days later I went to his house, and I said, "You know, Doctor, I need a Sudanese passport for this child. And I need a birth certificate or a baptismal certificate." So, about a week later he comes by at night—we didn't have phones. Or we had phones that were unreliable. And he showed up with a passport, a Sudanese passport for Mike, and that allowed us to travel with Mike to the States and later, in Honduras, to apply for a green card and visa for the States. Teddy Taylor, eventually an ambassador, was the consular officer in Honduras who helped us get an immigrant visa for Mike.

Initially, Mike had no papers or anything like that other than a Catholic baptismal certificate. The baptismal certificate was essential in that it prevented Mike from being put into a state-run orphanage where infant mortality was above 50 percent. It was a scandal. The Coptic doctor had taken him to the Catholic cathedral on the Nile and he had him baptized shortly after his birth because the Sudanese Ministry of Interior was filled with fundamentalists at this time. They had just come in. And if you're born out of wedlock, then you're Moslem until proven otherwise and put in state care.

Anne had, unbeknownst to me, because I was in Tanzania at a conference, had looked at a couple of these state orphanages, and the mortality rate of these things, as I said, was over 50 percent. So, the doctor in the hospital knew this and he kept Mike, he took him away. And he got him a baptismal certificate, proof that he was a Christian. We could say that Mike was a Christian now, "nass min al kitab," a person of the book – a monotheist. That made all the difference in the event a GOS official wanted to question his origins.

Q: Seven months though, he was a baby?

KRANSTOVER: Yes. Very much.

Q: And did you have much contact with the embassy while you were there as the most junior member of AID?

KRANSTOVER: I was probably over there once or twice a week because they had a decent cafeteria and USAID did not. Seriously though, I was able to attend a few staff meetings there with the USAID Director. I knew most of the people there. There was an officer named Lee Myles, I remember, who was running the econ section. And I mentioned Winstanley, who I think was head of the political section there for a while. Allen Keiswetter was in the Political Section later. But then, they were—it was a different building, and they were away from us. We eventually joined each other in a nice building on the Nile there with USAID, but after we had left the country. I stay in touch with one of the senior FSNs (Foreign Service National) who's an American citizen now in Washington and who works for the Omani embassy. And I thought the Sudanese were

terrific. A bit of a mess of a country. But I always felt safe, given what has always been an undercurrent of fundamentalist anger.

Q: And was there anybody particularly helpful in helping you navigate this new world?

KRANSTOVER: I was always—I said to Anne on a number of occasions, "In the places we've been I was always lucky, I thought I always had good bosses and worked for decent people," except for maybe once in Washington, and then I left in '04 and then eventually came back. But good people, I thought, who were interested in their work and dedicated. Art Mudge, I mentioned. Steve Mintz was my immediate boss, may he rest in peace. Gene Morris, a very creative guy, was a rank or two above me and a good mentor. Jerry Weaver of course was a great source of knowledge and always a good sounding board. All but Gene have since passed away. And Carlos Pascual, later Ambassador to Ukraine and Mexico, shared an office with me for about a year. You knew quickly he would do well. Wonderful guy.

Q: All right. So, you were there for two years and that was time for you to—two-and-a-half years to move on because you were still junior.

KRANSTOVER: Yes. Right.

Q: And so, how did it happen that you next went to Honduras?

KRANSTOVER: So, right. I wanted to get back to the Western Hemisphere. I thought it a bit of a waste that I wasn't using my Spanish. So, I wrote to the director there in, I guess, late '83, early '84, Anthony Cauterucci, a very well-considered officer, from Philly, who had been a Peace Corps volunteer in Colombia in the 1960s, married to a Colombian lady who was very involved in the expat community.

Very capable, big picture guy. And I said, "Do you have a space for me?" And I dropped a couple of names. It was a big mission then, given the Reagan Administration's concern with the area. The Kissinger Report on Central America had been published in 1983. I essentially asked the USAID Mission if I could be helpful. I said, "I'd like to be assigned there, should I bid on a position?" Something to that effect. And as it happened, something opened for that summer of '84, so by January-February-March of '84 we knew where we were headed, and that was great. We ended up staying five years in Honduras. I mentioned, we adopted our two other children there, Andrew and Steph, over that period of five years. But a huge program, another huge program because of the whole atmosphere of insurgency in Central America at the time.

Q: Okay. Let's talk about Honduras.

KRANSTOVER: Right, right.

Q: Was Ambassador Negroponte there when you were?

KRANSTOVER: He was, yes.

Q: So, he's quite legendary.

KRANSTOVER: Yes, legendary. And a formidable guy. A very decent fellow. And his wife, Diana Negroponte was just terrific. She was very active in the community and even—I mean, doing all kinds of things, even making sure that the cook at the cafeteria there in the embassy knew what he was doing. Because for a while there, he didn't. And she made sure that things like that were taken care of, among other things. She had a high-profile presence, which was very useful.

She was a lawyer. She had a professional background. A real pleasure to be around. You may know that she was in a helicopter in April of 1984, flying near the Honduran-Salvadoran border when it was fired upon by members of the FMLN. She was accompanying Senators Chiles of Florida and Johnston of Louisiana who were on a tour of Central America. Everyone came out of that one okay, although I believe both copters took small arms fire.

As you know when you come in, we were met, along with other new officers at a reception that August, I guess, late July, early August of '84. And we got talking about adopted children because the Negropontes had two or three at the time. And so, about five- or six-months later Diana calls me at my office just out of the blue, and she says, "I was just down at the "junta de bienestar social," the social welfare agency of the Honduran government. And she said, "There's this little boy there and they wanted me to take him." And she said, "I know you and Anne want to adopt another child." And I said, "Well, that's right." And she said, "Well, get down there." She said, "We can't do this now." They had adopted a child within the past year, so she said, "We just can't at this point." And that boy is our boy, Andrew. So, she was instrumental in this adoption. I had my papers in my office, I think, and asked to be excused for a bit, got Anne and we went down there to introduce ourselves and start the process.

Three years later we picked up Steph at a hospital in El Progreso up on the coast—and went through that process again. The Sudanese didn't have much of a process, although I dealt with the Ministry of Interior on occasion and a couple of fundamentalist guys came by the house on occasion. They'd just show up when we were at home, after dinner usually, and they'd ask for tea or something and walk around the house, take a look, just to make sure that we were a conventional, albeit Christian, couple. Honduras had a process.

Q: Okay, so, again you went into the program and project office?

KRANSTOVER: Right. So, I go into this, right, into this project office, which eventually, again, merges into the program and project office. And a fellow named Bill Kaschak had come in from Bolivia, and he was my boss for about two years before being replaced by Lars Klassen. Bill was another aging Peace Corps volunteer like me who happened to have done graduate work in Latin American studies and had a Phd in anthropology.

Capable guy. And I think we were maybe five direct hires, Robin, in that area, in that section. And again, Honduras, El Salvador, and—

Q: And then Costa Rica.

KRANSTOVER: Costa Rica because you had the Contras in the north in Costa Rica at the time. You had the contras in southern Honduras and in northern Nicaragua at the time. Guatemala was undergoing an insurgency to say nothing of the $300 to $400 million a year at that time that we were giving the Salvadorans, mostly in ESF money because of that insurgency. So, you had a capable and very well thought of Ambassador in Negroponte running things in Honduras, Harry Shlaudeman in Nicaragua and Dean Hinton in El Salvador – all maintaining good relations with everybody in the government, certainly. And Roberto Suazo Córdova was President of Honduras, first democratically elected one ever I believe and then José Azcona del Hoyo later.

But again, big primary healthcare stuff, low tech, village water systems, natural resources. We had a food program. We had a big PL-480 food program in part run through the primary schools. CARE was there along with Save the Children. And we had, per the Reagan Administration, because they brought this idea in, an emphasis on cultivating, on helping the private sector. The whole thing of getting your manufacturing group going, ultimately to get it to that level of sustainability where you can ultimately have an economy that doesn't require any outside sort of assistance, whether it's from AID or the IMF (International Monetary Fund) or World Bank or Inter-American Development Bank, is theoretically, in any case, what's driving you all the time. And so—

Q: I assume there was agricultural work going on.

KRANSTOVER: Oh, yes.

Q: And then—because I got to Honduras in 2001 and there were still radio education programs going on.

KRANSTOVER: Sure, sure. And we had an educational scholarship program to the States also.

Q: And then, health was really big. Health.

KRANSTOVER: Yep. The health stuff was big. One of the projects that I got to work on, and which went on longer than planned because of its success, was a primary health care and water and sanitation project. We programmed it for four or five years, maybe not even, but it was a water and sanitation project up in the north, northwest of the country, in and around Olancho province, —Mel Martinez and his wife, Xiomara Castro, now the Honduran President, are from that area—and we targeted that region because infant mortality rates were just so off the charts.

Here in Milwaukee, in some of the poorer sections of the city, you have an infant mortality rate of around twelve or thirteen; state-wide you get five to six. Per thousand this is, one year of age and below. Well, in these areas in Honduras we were up to eighty to 100 deaths per thousand. And in Haiti or Chad or places like this you'll get 120 per thousand, 130. But eighty in some of these villages, all based on gastrointestinal diseases hitting these kids, simply because of a lack of a clean source of water – a fundamental issue in those villages and in that area. So, we were able to put in some simple gravity-fed tube systems with some pumps. And this is interesting in retrospect, it sounds a little funny, but we eventually established conditions in this project wherein the village had to come together and form a water committee and be responsible for collecting a nominal fee from each faucet, each connection that they would put in each dwelling. The fees went into a communal fund run by this "junta," this group of concerned citizens or perhaps held by the municipality. That was a slightly new policy element or characteristic of those projects. In the past, particularly with UN projects, everybody was saying, "Well, just give the people the services." And that position was a reflection, too, of our own legislation, the New Directions of the early seventies. From a practical standpoint, the fee element just made sense. And it gave, certainly, some sustainability, some ownership by the village to these water systems.

I came back to Honduras in '01 or '02 and discovered to my delight that not only had that project of four or five years been extended and was still functioning, but that it had knocked the infant mortality rate down from eighty or 100 per thousand to around thirty to forty. All attributable to that kind of—to that infrastructure, which ultimately connected a few dozen, I hesitate to call them villages, but "caserios," these just sort of gatherings of huts and places in that area. That was a big one for me.

And ultimately a couple of hundred million dollars over those years. And now, you can imagine a hundred million dollars regarding roads probably isn't going to get you a lot of roads, particularly if your terrain is of a particular character, but a couple of hundred million dollars with community-led and supported low-cost technology and appropriate local materials has a huge return. You can do lots of stuff in that sector with that kind of money. That was a good one.

The other—the big one or the small one, depending on your viewpoint, that really sort of scared the daylights out of me and ultimately got written up on occasion in the *New York Times* was a $7.5 million one that came in as an afterthought on an amendment to the Defense Authorization Act of fiscal 1984—of August '84.

I had been in Honduras for a month, and I remember my friend and mentor and ultimately a fellow I worked for in a couple of other places, a wonderful guy, Carl Leonard, who went on to become everything but Counselor, I think, in the Agency, came to me and he said, "Listen, there's $7.5 million. This is an appropriation that's been given to us at the last minute. It's on the Defense Department authorization bill." All we had was a cable from Washington. No instructions. I think the Navy has an expression for this type of task or writ – a "message to Garcia." Just do it.

A Republican U.S. House legislator, Robert Livingston, of Louisiana, who served as Speaker of the House for a couple of weeks in 1999, had put it in for $7.5 million. It was about five lines, and it said something to the effect that these funds are to be *used for assistance to the people affected by the violence along the Honduran-Nicaraguan border*. I think that is close to a quote. So, Carl says, "We've got to do something with this stuff. This is our money." And we had to sign it up, "obligated" the funds before September 30, before the end of the fiscal year. So, he says, "Get a bunch of people together, let's talk about this. We've got to figure out how we're going to handle this."

So, some background on this which you may know - at this time—there were two Boland amendments, named after Edward Patrick Boland from Massachusetts, liberal Democrat, who was quite rightly concerned, certainly in '83 and '84, about Contra human rights abuses in Honduras, if not in Nicaragua. And he said, "No more lethal assistance or equipment for the Contras." And those amendments passed and so indeed lethal equipment, lethal stuff could not be given to the Contras. So, Livingston at the last minute in the summer of 1984, I speculate, probably said something to the effect of, okay, I know, $7.5 million, that's all I can get you for Contra support at the moment. Put it on the defense authorization bill and let AID figure it out. Give it to them. Tell them to implement it. Sign it up by September 30.

Q: So it was actually money for the contras, then?

KRANSTOVER: So, well, so here is the thing. Not for the Contras. They are not mentioned. We're sitting around the—I remember sitting around the table with a few people and it's clear that there were some elements in the Republican Party in the States who thought that we could just sort of take that $7.5 million and—and I'm not exaggerating—put it in a helicopter, fly along the border and shovel it out. Congress and USG Auditors might have objected, but the point was, there were people in Washington who put a lot of pressure on us to do something quickly and presumably even useful for the Contras with the funds.

So, a few more experienced AID guys said, let's do an assessment in that area along the border with a health person and an ag person. That can be the start of a plan for the proper use of this money. No one knew the area. It became apparent quickly that we could do a few things there in health and ag. Also, we were able to fix up a bridge in the area which had deteriorated. There was a bridge over the Rus Rus River, one of the few bridges in all of La Mosquitia. So, we were in and out of there a couple of times and the DCM, Shepard Lowman, another terrific career guy, instrumental in an earlier role post-Vietnam in bringing thousands of Vietnamese refugees to the states, went to the area with us. We flew out there and ultimately, we did make that assessment. We at least now knew the type of area where we would be working. Not a bad thing to have as background when you are using taxpayer funds.

All this time, during the fall of 1984, Washington was calling, asking how we were progressing with these funds, and hosting any number of visitors, both USG and others,

all of whom were curious about what the USG was doing along the border with Nicaragua.

Let me just finish this one because you'll appreciate this, but it's also one of those make-or-break experiences. So, we signed these funds up in a "Cooperative Agreement" with the Honduran Government just to get it obligated before September 30, 1984. We held the money in that agreement. And then, over the next four, five, six months we started to flesh out activities for infrastructure, health and agriculture.

We laid out these projects and described them in detail with our Honduran counterparts and of course reported them to Washington. Well, over that next year some Republican donors came into Tegucigalpa, and they'd come and see us, and they'd wander around, they'd want to go out to the border, and they'd want to know what AID was doing with that money and are we helping—and are you helping the Contras? We'd say, well no. No, we're not doing that. Legislation is rather clear about that. That's a different office over in the Chancery, we would say, and oh, by the way, would you like to see our agreement? It's a public document. This is your tax money and mine. Here it is. This is what we're planning on doing. I provided the document to people on both the right and the left who were interested in seeing it, including some of the human rights NGOs, like WOLA and its founder Joe Eldridge. I think Joe, with whom I eventually became good friends, was surprised by our openness.

Visitors would ask, "why don't you do this, why don't you do that?" Well, we would say, that doesn't make development sense and that's not what we understand to be the interpretation, the spirit of the legislation on this. And we're going to do this, and by the way, we're fixing that bridge up. And that seemed to assuage some of them because that meant that, God forbid, if we were going to invade Nicaragua, you'd at least have a decent bridge in the area to cross the Rus Rus River. Even though it was away from the border.

James Lemoyne of the *New York Times* at the time, had a piece that appeared on the front page in early December of '84, of the *Times* about this project. He had been in country, and he had interviewed Carl Leonard. And Carl basically said, "this is what we're going to do, and no, we're not helping the Contras." And it appeared on the front page of the *New York Times* a few days later.

Well, Ambassador Negroponte called Carl over and apparently let him know rather clearly that he was not pleased. And—fortunately that was the end of that. I mean, he just said watch it when you're talking to the press, particularly to the *New York Times*. So, the point of that, though, the salience of this $7.5 million that the Republicans had put into the defense authorization bill, not the regular State and Transportation, AID appropriations bill, was such that apparently some—a few non-elected, Republican private citizens felt that they could come down and tell us how to use these funds. Invariably they would ask what it was that we were doing. In many regards it was sort of a vanilla sort of AID development project, appropriately so, given what we knew about the area, although perhaps not what the authors of the legislation necessarily had in mind.

And I remember—and this is the spring of ’85 I believe, and I get a call from the Ambassador’s office—and his secretary says, “The Ambassador would like to see you. Can you come over?” So, I just ran upstairs, and said, “Carl, listen. The ambassador wants to see me.” He said, “Well, go over there, see what he wants.” And I get in there and it's just the two of us. I mean, the second least important Foreign Service officer in the entire country sitting with the Ambassador.

You may not find this credible, but I even remember what shirt he had on. He had this beautiful Brooks Brothers red pinstripe shirt with French cuffs. And he leans towards me over his desk, and he says, “Listen. I don’t know, but I understand that three or four Republicans are coming into Tegucigalpa later this evening. I don’t know them, I don’t know who they are. I’m not entirely sure if they want to see me or anything.” He said, “We don’t have anybody to go out there and pick them up, which we don’t have to do in any case.” He said, “But I’d like you to do me a favor.” He said, “Get a car and go out there and just introduce yourself, help them through customs and stuff and immigration, get through security, and make sure they get to their hotel.” I said, “I can do that.” So, that’s what I did. And I got these—I can’t remember their names. And so, that was the kind of event that happened on occasion. Honduras was a big theme in a number of circles.

There was another fellow by the name of Woody Jenkins and his wife Diane, both of whom were lawyers from Louisiana, and who formed their own NGO there and sought to influence us a bit regarding our portfolio. He also was a state assemblyman from Baton Rouge. They were rather enamored with Steadman Fagoth, who was one of the Miskito Contra leaders in the northeast of Nicaragua, and they sought to, I think, push us in a particular direction.

Q: Was the bridge completed?

KRANSTOVER: The bridge was completed. Somewhere, Robin, I have a couple of pictures. It’s a beautiful, appropriate steel bridge. It’s not a monstrosity. Our FSN engineers were in there. We had a guy—well, Lynn Sheldon, who I mentioned was in Sudan with me, and another guy, a direct hire guy, went out there on many occasions. Local labor, locally contracted, ultimately supervised by an FSN engineer, Roberto Aguero I believe. And it was a good thing to do—in a neglected part of the country.

Q: You were in Honduras for quite a while. You were in the program office, program and project office.

KRANSTOVER: Right.

Q: So, that does a lot of the paperwork. Is that right?

KRANSTOVER: Exactly, yeah. And, with the USAID lawyer or lawyers, completes the financial agreements, what we call the obligating documents. You are also very much a

part of the planning documents, the Congressional Budget submission - and you're describing these projects and negotiating those details with your host country counterparts. And you're talking to Washington. And if you have to go to Washington, and we did on some occasions, depending on the amount of money, to get approvals, we would do that and make our case there. Yes.

Q: And so, you've mentioned the water and sanitation project and the bridge money. Were there other big initiatives that you worked on?

KRANSTOVER: We called that last one, the bridge, it was the Mosquitia project, is what we called it. Not too original. That $7.5 million one.

Well, going back to local currency, again, with a big ESF program there, our office was charged with programming and signing up, obligating local currency money through the Honduran Ministry of Planning. And we were able to give grants to just over thirty different Honduran civil society organizations during that time, all kinds of groups, women's groups, orphanages. I think perhaps there was a small group of journalists who were interested in sort of forming a think tank. We were able to give money to various church groups and things like this.

We put $1 million in local currency into this idea a local nun had. She was sheltering homeless kids—she ran a couple of orphanages throughout the country. She was a bit of a local celebrity – Sor Maria Rosa, a Honduran nun who had established a number of homeless shelters for orphaned kids all over the country, and she actually managed a small ag project of her own. She had land. And she had purchased land and was growing chili peppers and things like this for McCormick, actually. And anyway, we got involved in stuff like that.

Q: You didn't have the kids doing the ag work, did you?

KRANSTOVER: Didn't have the kids—the older, some of the older kids, I understand, were actually working on helping to keep the fields—doing the weeding and things like this and engaged in those things.

Q: So, this could fall under social development?

KRANSTOVER: Sure - right. And the beauty, among other things, too, of local currency is that it didn't have that real sort of, if you will, fussy sort of Washington oversight. We were able to use that stuff appropriately and responsibly, creating a review and approval system for it of course, but for any number of useful projects and local expenses.

And then a road project, a big road project that we got involved in, maybe in '86, '87. And that was all over the place. And by that, I mean it was all over the country because there were various areas there, certainly in the north and the south, that were in bad shape.

Q: This is the Inter-American Highway?

KRANSTOVER: Part of it, right, and part of that went up to San Pedro Sula in the north, went off to the northwest, to Gracias, and to places like that, which had not been taken care of by the central government because of these issues of maintenance. You know as well as I, you can't get to this—to the Walt Rostow takeoff thing on that particular—at that particular point on the graph, unless you've got some kind of revenue coming into the central government that's programmed and reflective of a tax base, reflective of a tax structure, reflective of some manner, shape and form of a government process. Maybe your revenue source is import or export duties or even license fees and things like this that you can use to keep those infrastructure projects going.

When we started that road project, when we started to work with the Hondurans on planning, I remember there were probably forty people, maybe about six or seven of us from AID and the embassy, and the rest were Honduran government officials, including maybe a dozen uniformed military. We had about twenty million dollars to start out, and their Ministry of Transport didn't have anything. And so, this was a big deal. And I remember, we were brainstorming and started to talk about road maintenance, and we got talking about sustainability and how this project could continue.

Q: This is a very mountainous country, so very hard to do—both to do construction and maintenance. Very, very sparsely populated in the mountains.

KRANSTOVER: Right. Big rainy season that's just anathema to design—and your engineering skills must be such that you take all of this into account, drainage and trajectory and soil compacting and all this stuff. There are all kinds of factors. And I said we need some—we always needed counterpart funding, unless you've got Washington to waive it, but the legislation says you need 25 percent from your host government to go into a project. So, I said, "Well, maybe the GOH can get to that 25 percent on this project if you take all the license fees or something from your drivers' license fees for all your people here in Honduras and put it into a maintenance fund." And there was this dead silence, there's dead silence in the room and this guy, one of my FSN colleagues leans over to me and he says, "You know, Peter," he says, "The military controls the issuance of those licenses, and they take those fees for their own purposes." I thought, well, good idea, bad timing. (Laughs)

Q: So, as context, this was a pretty young democracy at this point, right, the first democratically elected president must have been just a couple of years before?

KRANSTOVER: Right. It was '82 when Suazo Córdova was elected, came in, and then '86, Jose Azcona was elected.

Q: So, what happens in these countries is that the military needs to be fed somehow. They're not getting the money from the taxes, yeah.

KRANSTOVER: Right. They're a big player. And of course, the military is the military in a lot of these places because they happen to have the depth and the ability and the equipment and things like this in order to be able to "do stuff." And so, you get the formation of these military-run, parastatal operations, as you have in Egypt, for instance, and indeed, which you had on a much smaller scale in Honduras and in other countries in Latin America, Venezuela, or any other number of places.

Q: So, a country like Honduras had a Planning Ministry, and the planning ministry would often be the contact with the donors, right, the World Bank, the IDB (Inter-American Development Bank) and USAID.

KRANSTOVER: Right, right.

Q: And then, was there a minister of the presidency at that point?

KRANSTOVER: Yes, yeah, there was a Ministerio de la Presidencia.

Q: And that's kind of like a prime minister.

KRANSTOVER: Yes. And he is your advisor, the President's advisor and fixer and sort of representative in many regards. And we would go through him, and I can't remember exactly who that was now, but when we would sign something up, when we would obligate funds, we would always try and have the President do it, even though his signature wasn't necessary in order to conclude the agreement. But needless to say, it was a useful—it was a useful public diplomacy tool. And indeed, Suazo Córdova and Azcona, who succeeded him, certainly appreciated it. And it was a way to, frankly, have the Ambassador or the AID director, whomever was there, tell them exactly what the portfolio looked like and give each of them a little bit of face time too.

You know, Secretary George Shultz and Elliott Abrams, who was then Assistant Secretary of State for the Western Hemisphere, came down for the signature of the water and sanitation project agreement that I mentioned earlier. They also had other things on their agenda of course, but as they were in for a couple of days, we set up a signing ceremony with President Azcona and the press for that project. The project ultimately lasted a long time and brought the infant mortality rates down as I mentioned earlier. But that was of such import and such a big one at the time; I think initially it was $60 million just in one fell swoop, that it made sense to have the Secretary sign it. Secretary Shultz and the embassy, of course, agreed.

So, we had quite a ceremony in the Casa Presidencial with Azcona and any number of other GOH officials. I was pleased I got some of my FSN colleagues in there too because they're oftentimes forgotten, but they had done an awful lot of work, certainly, with the Ministry of Health on the project. And we had a very fine physician, Foreign Service officer, Barry Smith, who was instrumental in bringing a lot of that stuff together too. He had very good contacts in the medical community and throughout Honduras.

Q: So, going back to the roads—

KRANSTOVER: Yes.

Q: Did the road projects work out?

KRANSTOVER: Yeah. Well, and they got done and they were helpful. I mean, bridges, culverts, regular tarmac, blacktop roads and stuff like this that required, according to the way we crafted that agreement, establishing maintenance groups in various areas, in villages. We provided tools and things like this for various groupings of people in villages along the road who were charged with and responsible for doing regular maintenance on these things. The Ministry of Transport, they had a small maintenance unit, one that wasn't particularly effective and that had suffered, certainly, equipment losses and lack of parts because of a lack of foreign exchange and a bad budget and things like this. And so, again, as in the water project, the community input on this was essential.

Q: Now, bananas were still the major crop?

KRANSTOVER: A big deal, big deal, yes. A huge part of its export earnings for years and a source of corruption too. Bananas were the demise of Eli Black, god help him, the CEO of United Brands. He threw himself out of his 44th floor office window in Manhattan in 1975 after it was discovered that he had paid Honduran president Lopez Arellano $1.25 million to keep exports taxes low on bananas.

Q: Had they started pineapples—?

KRANSTOVER: Pineapples were there, but we helped with marketing. Melons, cantaloup also. We introduced black pepper and cardamom for an export effort, a little bit more of a high value but slightly more labor-intensive kind of project. There was an endemic fungus with respect to the banana called sigatoka, which we tried to push back against. It's a rust, a fungus kind of thing that attacks the bananas, and so seeking some kind of local or what they call the "criollo" variety to help in that regard. And coffee, a large coffee renewal project, that was another one that was important in terms of its sustainability—in terms of its length. I think it was maybe a ten-year project. It was going on when I got there, but we amended it a couple of times. It helped to keep Bancafe, the coffee bank, solvent.

After about ten years coffee bushes stop yielding, and so you need to do capital improvements, meaning digging up the plants. New bushes are planted. Then a few years transpire before you get a decent yield and begin to pay off your loan. And we went through the ag banks for that. We injected money into those loan portfolios of those Honduran agricultural lending operations in order to provide money, because those are relatively—those were sort of middle-class, some lower middle-class small farmers who didn't have a lot of access to credit.

Q: They had always been growing coffee?

KRANSTOVER: Yes.

Q: Or—but it had not been very high quality for a long time?

KRANSTOVER: Not if you talk to the Guatemalans or Salvadorans.

Q: Or the Costa Ricans.

KRANSTOVER: Costa Rica, right, or the Costa Ricans, yeah.

Q: But that's a function of how they grow it, not so much the—

KRANSTOVER: Where you are, right, where you are, all those things, rainfall, altitude, when you're harvesting, and how—

Q: How you dry it.

KRANSTOVER: The whole business, right? Huge process, labor intensive process, as you know, I'm sure. But—and that—bananas, coffee, cattle. Those were your big elements throughout most of the twentieth century for Honduras, for their export—their primary product export operations. You don't get a lot of tax revenue on that.

Q: Now, did USAID start the investment and export promotion agency during that period? I think it was called FINDE.

KRANSTOVER: Well, so, there was—yes. There were a couple of groups there now, and I'm blanking on—they all start with an F, I think, Robin. There's a number of different ones throughout Central America. There was FUSADES, in El Salvador, established in the late 1980s as I recall.

Q: And there was a guy named Norman Garcia, who—

KRANSTOVER: Honduran fellow, served as a Minister in Callejas cabinet I believe.

Q: He was a trade minister later when the US and Central America were negotiating CAFTA (Central American Free Trade Agreement) much later, but he had been in charge of FIDE for a long time, I think—

KRANSTOVER: Sure, sure. Now I know who you're talking about, yes.

Q: But in any case, these were efforts to try to help them promote investment and exports.

KRANSTOVER: Yes, and all of that reflective of the Reagan Administration's policy of getting the private sector much more involved in the economy and in expanding their opportunities, providing them with some financing, establishing lobbyist, private sector

groupings that might have a finance window. Now we wanted to have them focus on an export-led growth model, as opposed to what had prevailed for thirty or forty years before, the ISI one, the Import Substitution and Industrialization one. Now, in the Reagan Administration you have a not unreasonable moving away from the big parastatal operations, and indeed, the dismantling of them in many regards. We did that in Costa Rica in a government renewal type of operation because so much local money happened to be going into those dinosaurs. So, Honduras certainly had the benefit, if you will, of receiving some USAID funding and technical assistance for what we called the private sector or privatization model.

Q: So, in Honduras, there was this phenomenon of Christian Arabs who had come over in the thirties, maybe.

KRANSTOVER: Yeah. Well, you know, so that's right. A bit earlier perhaps in the 1920s. So, indeed, that's a compelling story. You know they were all referred to as "Turcos," a not necessarily complimentary term.

And you've got them throughout the Western Hemisphere. There was Suazo Córdova, Azcona, and then Callejas and Facussé, as Presidents in that order. Facussé came from that group of so-called "Turcos" as you probably know. After World War I they all had Ottoman passports, Turkish passports, one of the WWI belligerents of course. And so, they couldn't get to the United States, and they were Christian, and the European colonial powers who protected them were now leaving the area or contemplating it. And they weren't about to, as I understand, sit around and remain there, at least those who felt a threatened, if you will, by a Muslim majority government. I mean, Lebanon gets formed, with the French advocating for Catholics and Christians.

Q: I think the people I met, the Facussés, I think they came from the Bethlehem area.

KRANSTOVER: There was a bakery around the corner from the Chancery run by two elegant, ancient ladies who were from Bethlehem, and they had the best—some of the best bread and rolls and sweet breads, in the whole country. I recall they were members of the Facussé family. So, Facussé, I thought his family was ultimately from Bethlehem. And there was an Arab Club, you may know, in Tegucigalpa. We went there a couple times because Mike had a couple of Arab friends there at the American School, and they're little boys, you know, and Mike said something about being an Arab, and they said yeah, sure …. well come to my dad's birthday party at the Arab Club, so we did that on occasion. But yeah, the Hasbúns, the Bendecks, the Handals, and Schafik Handal, you know, in El Salvador the Marxist leader of one of the five factions of the insurgency in El Salvador was part of that grouping.

Q: And had they started to take prominence in the business community at that time?

KRANSTOVER: They were always—yes. They were a powerful group of smart businessmen, entrepreneurs, and I'm blanking on a couple of the names now that—

Q: Canahuati?

KRANSTOVER: Canahuati. Canahuati was another one, they were up in La Ceiba, if I'm not mistaken.

Q: San Pedro, in San Pedro. Fifteen years later the apparel industry had become quite important with this investment from the U.S. educated family members of these families.

KRANSTOVER: Right.

Q: So, was this starting to happen during the time you were there?

KRANSTOVER: Just. Just starting. Those types of feelers were starting to come in. Carlos Flores Facussé, who became President in 1998, went to LSU (Louisiana State University) and did an engineering degree, I recall was a beneficiary of his Uncle Miguel Facusse's position as a wealthy businessman and advisor to President Suazo Cordova. And Rafael Callejas, not an Arab, who came from that landed private sector grouping of old money had gone to Mississippi State. A number of these guys went to the SEC (Southeastern Conference) schools, I think, because they were relatively close. Many of the old wealthy families, some immigrant families after WWI and some not, maintained a relatively low profile in Honduran society. They were certainly important. Of that group was Jaime Rosenthal in San Pedro Sula, who owned one of the newspapers and a couple of other, certainly, investments. Ran for president a couple of times I believe.

Q: Every time.

KRANSTOVER: Yep. Had a rather ignominious comeuppance, unfortunately, along with his son, Yani, who spent some time in federal prison, but much later on, for drug and money laundering offenses. But a small, tight group there, certainly, in many regards in the private sector. Very much representative of an immigrant story here in the States. And that, from an economic development standpoint, and I think you find this in a lot of countries in Latin America, is a tough circle to enter - as an outsider or newcomer, you face a big barrier to entry. I find that you often have a clubby finance sector that's quite risk averse, number one, and number two, that isn't particularly interested in lending money in sort of an aggressive, risk-taking manner that might be useful, nonetheless.

Q: I forgot about that. Each of those families had their own bank.

KRANSTOVER: Yeah. Right, right.

Q: So, they were really financing themselves, their own investments.

KRANSTOVER: Clubby. Very clubby. Bogota was and perhaps still is much like that - I didn't get involved in that sector much when I was in Washington, but I remember one of our economists who was serving in Bogota, describing it to me as such – a major constraint to economic development.

Q: And what about land tenure problems? Honduras had a huge problem with land tenure and land reform laws that favored squatting and so led to a lot of confrontation.

KRANSTOVER: Yes. The dates escape me now, but certainly, the banana workers and the railroad workers up there on the north coast in the thirties started to form their own unions, during the Depression when things got nasty. And there was a tremendous amount of pushback on that. El Salvador went through that same thing. They never were completely put down, as I understand, but—and then the teachers' union started to coalesce a little bit too. But they were small groupings, and they didn't last very long, and like a lot of the union movements in the thirties they really were influenced by one or two or three or ten local communist party guys, which was ultimately the stake in the heart, I think, for a lot of them. They nonetheless were able to advocate for things like a decent wage and a decent work atmosphere and decent hours and things like this and push back a bit on that whole—what are ultimately awful working conditions wherever you are. And those banana plantations have been through a couple of those. There's a famous novel by a Honduran—

Q: Mamita Yunai. I don't remember the author.

KRANSTOVER: There's *Mamita Yunai*, by Carlos Luis Fallas and then there's *Prision Verde*. I think by a Honduran, Ramon Amaya Amador—he was a Honduran communist. He ultimately ended up in exile in Czechoslovakia.

Q: When I got to Honduras later, there was this cycle of people coming in and knocking down any infrastructure on farms so they could say the land wasn't being used and then taking it over and then being bought from these settlers for a few dollars. And then, the land was then rebought from these people and then the cycle would start all over again. Was this on your radar?

KRANSTOVER: Not really, not too much. The Hondurans implemented a land reform law in 1962, "Ley de Reforma Agraria," and through the 1970s, some 120,000 hectares were redistributed to peasant families. Land concentration was proceeding at the same time however, population growth is increasing, and the results of land reform efforts are somewhat diluted over time. Still, and according to FIAN (Food First Info and Action Network) in Germany, some 60 thousand peasant families benefited from this over 3 decades. We did support continued land titling through the Instituto Nacional Agraria while I was there as part of the portfolio.

There was a strike in the north by a peasant organization called ANACH in 1974 in and around Olancho. They were asking for better working conditions during this time. It became violent in '75 in Los Horcones in the department of Olancho. If I am not mistaken, the USG had supported the formation of ANACH as a savings and loan cooperative in the 1960s. The father of Mel Zelaya, who became President in 2006, was involved in the disappearance and murder of a Colombian priest at that time who was in the area trying to bring together some of those workers on some of the big plantations. A

priest from Medford, Wisconsin, Michael Jerome Cypher, was also killed along with about a dozen peasants. And so, the ANACH guys, the campesinos, that peasant grouping of workers, was essentially, pretty much hollowed out during that time.

I didn't think that any of that friction rose to the levels that I saw or witnessed or heard about in places like Guatemala or El Salvador where the intensity of this—of these frictions was much more pronounced and where the violence, the reaction, certainly by the central government, was much more brutal. Not to excuse any of it of course.

You may know that USAID was funding AIFLD, the international arm of the AFL-CIO in El Salvador in the late 1970s, early 1980s to provide technical assistance to the Salvadoran government for their land reform efforts. The military killed the three primary members of that team in January 1981 in the Sheraton hotel, including Mike Hammer whose son Ambassador Michael Hammer is now special envoy to the Horn of Africa I believe. This just underlined for me the fundamental, existential character of land reform in Latin America when this happened.

There was an American named—a priest named James Carney—who affiliated himself with leftist Hondurans in the late 70s after having worked in that part of Honduras for some years. He died or was killed in 1983, perhaps at the hands of the Honduran military. He may have even died, apparently, of starvation out there in the jungle, trying to assist this nascent grouping of Honduran leftists who wanted to overthrow the Honduran government at that time.

But Honduras, like Nicaragua, is—you've got Guatemala and El Salvador with these huge—with these very pronounced population densities, and then you have Honduras and Nicaragua where, if you're a peasant farmer and you don't like the guy next to you, you can go out to the frontier still and you can clear land and plant some beans and corn and stuff like this. And so—and you're not messing with anybody's—ostensibly, in any case—titled land, right?

Which again, I don't believe you can do in Guatemala, nor El Salvador, at least not without causing problems for your peasant farmer or large land-owning neighbor.

Q: I think later people started planting African palm and that started changing that dynamic a bit, yeah.

KRANSTOVER: Right. That's a hugely controversial one, yeah. We did that in Colombia, helped that in Colombia, but did not get into that as I recall in Honduras.

Q: So, you were there for five years?

KRANSTOVER: Five years. And part of that was—I spent five years there and five years in Costa Rica. In retrospect, career-wise it may not have been a good move, but familywise I have no regrets about that. The children had good schools, they had friends. Anne was always doing some consulting work. She's always getting good jobs and stuff

like this. My brother John came and lived with us after getting a job in 1988 at the American school in Tegucigalpa. He stayed for about ten years, eventually marrying his wife Linda Galeano and cementing further our connections to Honduras. Her father had headed the Central Bank at one point and was on the Supreme Court. And we were still close to the States, which was important at that time, since the—either one parent or another was having trouble health wise or financially.

Q: And you adopted another Honduran child, so you now have three kids?

KRANSTOVER: Yes, so, Steph we picked up in April of '88, out of a hospital in El Progreso, which as you know does not have much to do with progress. It's an old banana town in the north near the coast. We did all the proper things regarding paperwork. By that time, you had to advertise in the local papers that Joe Smith and Jane Doe were going to adopt so-and-so child. Anybody who had a problem with it had sixty days to come forward. And we paid for ads in—we had to do that according to the Honduran adoption laws—I think we maintained those public notices for almost a year while we had possession of Steph. And our application for adoption was with the Honduran courts at the same time. We had as our local lawyer for both adoptions, Rosalinda Cruz, who was the daughter of Ramon Cruz who had been President for about 18 months in the early 1970s. She's on the Supreme Court now.

This is in April of '88 which was a huge year in Honduras, and you'll remember this, I'm sure, but we get Steph, and my mother and my older sister came down for about a week and they stayed with us. And we went to the beach up around—. There's La Ceiba up there, and not Trujillo. What's the other one?

Q: Uh-huh. There's an area called La Tela.

KRANSTOVER: Ah, Tela. Yes, so, we were up around Tela, an old banana area. And you may remember that there was a fellow named Ramon Matta Ballesteros, who's a Honduran criminal who had years before become indispensable to some of the drug cartels in Colombia and had expanded their network and grouping into Central America—to collude with Mexican cartels.

Well, Matta Ballesteros grew up a mile or two from the embassy down in a place called La Olla, which is sort of a rough old part of Tegucigalpa. He may have had a fourth or fifth grade education, but intelligent and cunning, becoming quite powerful in the cartels. He escaped from a Colombian prison after he had been incarcerated there on drug charges, as well as because we had an interest in him regarding his involvement in the Kiki Camarena murder in 1985, the DEA (United States Drug Enforcement Administration) agent stationed in Guadalajara.

Camarena, a U.S. DEA officer attached to the embassy in Mexico was beaten and tortured to death by members of the Guadalajara Cartel, amongst whom were Rafael Caro Quintero and Felix Gallardo. Matta was there. Matta was involved in that. And he's picked up in Colombia, he's put in jail, but escapes in 1986. He escapes by paying off

prison officials and walks out. He then shows up in Tegucigalpa sometime later, in late ’87, early ’88, and he just sort of goes back to his old neighborhood, while he acquires this big house near the airport. He is eventually brought to court by the Honduran authorities and after a sham hearing he walks out a free man.

I guess he hadn’t done anything, at least as far as the Honduran authorities were concerned, anything that was illegal in Honduras. And he’s walking out and he’s giving out cash to people as he’s walking down the street and just absolutely—and the DEA guys at the embassy and the intel guys knew where he was and what he was doing. Well, in April of ’88 the Honduran security forces and the DEA swoop in and pick him up as he’s jogging early one morning near his house, near the airport, and toss him in a plane and take him to the Dominican Republic. Honduras didn’t have an extradition treaty with us, but the DR did.

About a week or two previous to this, the U.S. military, training with the Honduran military along the Nicaraguan border, had some live fire exercises and accidently burned down a couple of peasant residences and burned some crops and stuff and made a mess of things. That was big in the local papers. That, and then Matta’s kidnapping within a week or so of each other resulted in this huge demonstration in front of the embassy and consulate where they burned the consulate. USAID’s offices were just above the consulate. They burned that whole building, our offices. Anne still has a big rock that landed on her desk, thrown by the demonstrators. Three or four people were killed, although exactly how I was never sure. I always thought three people, Hondurans, were killed. A USAID officer named Gene Szepesy was in the office at the time, it was about 7:00, 7:30 at night, and he just barely made it out.

I’m on the beach with Anne and my mother and sister and our kids as this is happening and—we got a call at the hotel from my colleague Ted Landau and are told to come right back. And so, we sheltered in place then we made it back to Tegucigalpa. We were stopped twice by Honduran security officers on the ride back which took about 4 hours.

We and many of our colleagues remained at home for a few months, working from there. There was talk of evacuation also. Matta’s kidnapping, juxtaposed against the burning of those peasant farms, was I think the Honduran middle-class and certainly the left’s way of protesting our large presence. And it wasn’t for about two hours and many calls from the embassy, that some Honduran police and military forces finally came in and dispersed the crowd, but by then the embassy had been pelted with rocks and stuff, the consulate and the AID building and motor pool had been destroyed. It was really a rather unsettling and spooky time.

Q: The embassy has a wall, but across the street our officers were housed in a commercial building—

KRANSTOVER: Right.

Well, we've got Steph and we've had her for maybe ten days. She's three months old and has absolutely no papers on her, other than what they call an "orden de colocación," from the social welfare agency, saying this couple can have this child and that we'll adopt this child according to Honduran law pending these procedures. Well, I called the Consul General, then one Curt Struble, whom you may know.

Q: Uh-huh.

KRANSTOVER: And Curt, I called him at night, and I said, "Listen." I said, "I don't know if you know this, but I have this child who's in citizenship limbo. If you guys are going to get us out of here in the next day or week or so you have to know she has no papers other than this "orden." And so, Curt says, "Let me call you back." So, about a half-hour later he calls me at the house, and he says, "Thanks for letting me know." He continues, "Don't worry. If we're leaving, we'll get her papers." I said, "Great," right, and that was that.

Q: So, in 1990 maybe, I went to Guatemala for a little conference, and I met a regional AID guy, who was very depressed, and he said, "We've been spending development money to reduce poverty in Central America for fifty years and we've gotten nowhere." It had quite an impact on me because thirty years later—

KRANSTOVER: Yeah, there you are. There you are, right, yeah.

Q: So, how do you see it? How do you see the work that you were doing in Honduras? Maybe we just had too many high expectations. Of course, we did in the interim have Hurricane Mitch.

KRANSTOVER: You get knocked back. So, insurgencies, natural disasters, bad governance, stuff like this, those are all legitimate but not ultimately good or final excuses on this type of stuff. If you want, go back further to '61, and the Alliance for Progress and things like this where we had big programs there also. Also, we assume that some $50 million a year in foreign aid is going to transform a country within a few years. But foreign aid is about economic development and other things, such as security, markets and democracy. It is a tool meant to assist a country, but it is also given and directed to a place because we wish that place to be stable, protect markets and function democratically. That's a big agenda, a heavy lift. Guatemala's GDP was just over $3.6 billion in 1975 and we probably had a foreign aid budget there of $10 million. What's that, less than 3 percent of their GDP? It will not be economically transformative overnight, but it might be able to start something.

If you look at the foreign assistance budget, it goes like this, up and down, for these areas. It's up and down like this all the time. These are annual appropriations of course. And you're starting out with this neoclassical economic theory that if you get your market signals set up everything will just sort of unfold nicely.

Well, it doesn't consider the fact that you've got stark wealth disparities, a dearth of financial deepening, as the economists might say, that you have, as Theodore Schultz, who also got a Nobel Prize says, "human capital." Market signals don't function all that well because these places are not what theorists of classical economics had in mind when they were writing about growth.

You don't have that ability, or that depth of entrepreneurship and connections and, for lack of a better term, this sense that we're all in this together and we need to cooperate, and we need to work together to make our country better. In addition, your country policy framework that you have has suffered from ultimately a centrally located economic and political policy making operation, usually by a relatively small group of elites, that isn't, frankly, spreading the wealth through tax and public policy, ultimately serving all sectors of society. For me, the tax base and tax policy are just—primordial.

I was looking at some other numbers just before we started to talk. You've got tax revenue as a percentage of GDP (Gross Domestic Product). It's 12 percent in Guatemala, according to the World Bank. It's 13 percent in Haiti. In France, it happens to be 45 percent. And in the U.S., just for your edification, it's 27 percent. So, that's an element of central funding revenue that ultimately could be used in order to have a sustained, market-run operation if done correctly and if done in an appropriate manner and a transparent manner, where you've got—where you're focusing in on all the places, for instance, where infant mortality happens to be off the charts.

Paul Collier talks about this a bit, in *The Bottom Billion*. Now, he's at Oxford, but he used to be the head of the Africa group at World Bank. And in *The Bottom Billion* he says that—he makes the estimate that—he thinks that maybe foreign assistance has assisted with—or is responsible for a 1 percent annual growth rate in GDP in the Third World over a thirty-year period. He's writing in '08, '09, if I'm not mistaken. And he says, "So, what's that? What's foreign assistance?" Well, foreign assistance in that regard, that's a "holding action." In the meantime, you're continuing to engage with these people, our friends and colleagues in Latin America and Africa and Asia, if they want to, in an effort to reach a useful and appropriate economic and policy structure to alleviate poverty, provide economic opportunity and education and healthcare for people so that you get to a place where you're essentially chugging along, and your citizens are safe and well. This assumes of course that war, insurgencies and maybe even diplomatic relations do not get in the way.

You also have to get ahead of the population growth rate. In the western highlands in Guatemala your fertility rates when I was there in Peace Corps were five and six kids per family and they might get—maybe they'd get a fifth or sixth grade education in those places. At that time, there were five million people in Guatemala in '75, at the end of my Peace Corps tour, Robin. There's close to 20 million people in Guatemala now, in 2022, and there's been no meaningful public policy structural reforms over that time period.

They've gone through an insurgency. We talked about the other issue, the Guatemalan insurgency starting in '61, ends in '94. El Salvador experiences something very similar,

pushing against the influence of a tiny grouping of sophisticated, wealthy families. And Honduras is chugging along as sort of the banana—*the* banana republic—from O'Henry's novel, *Cabbages and Kings*, which he wrote 110 years ago when he was hanging out in Trujillo. He writes this novel while he is on the lam from an embezzlement charge, as you may know. And he's hanging out in Trujillo and he writes this novel about this "banana republic" as he calls it.

Q: So, just to end up here, you had outstanding leadership in the mission, right?

KRANSTOVER: Excellent, excellent group of people all around, I would say, certainly. Everett Ellis Briggs came in after—John Negroponte, there was Ferch and then Briggs, and Briggs was very old school, another patrician, second generation Ambassador with a wonderful, engaged spouse and just, a beautiful touch. And our Directors for the time I was there, Cauterruci and Sanbrailo, very fair, very hard-working and effective guys. You know, the first couple of years I was there, Cresencio Arcos was head of USIS, his deputy was Bob Callahan, Curt Struble headed the Consulate and Luis Arriaga Rodas, was one of two economists with USAID at that time. All of them became Ambassadors. Amazing.

Remember too this is during Iran-Contra, touched off when the Sandinistas shoot down a CIA plane over Nicaragua in October of 1986. Amb. Briggs is in country then. This is a whole story in and of itself as you know. I suspect this incident also contributed to the Honduran street being annoyed with us by April 1988 when the Consulate was burned. Despite these things, we were able to function well and achieve an impact in several sectors. But, there were lots of things going on at all times, both politically and regarding our foreign aid portfolio.

General Alvarez Martinez, ousted by the Honduran military in March of 1984, opened the way for the USG to establish a large military presence in Honduras and assisted the Contras if only by not tossing them out as they are forming groups in eastern and southern Honduras. He lived in Florida for a bit, did some consulting I understand and then came back to Honduras in late 1988 early 1989. He is assassinated, midday, not more than two blocks from our house by two fellows wearing ENEE work clothes, the garb of the national electric association in January of 1989. I had dropped two of the children off at the house from school, passing where they shot him about a half hour before it happened.

Things could get tense. There was always an element of Honduran society who did not see our presence as useful or helpful. By 1988 I believe, USAID was administering funds for humanitarian purposes for the Contras out of an office in the chancery. That too was a special appropriation meant to provide support for the Contras who were now beginning to reintegrate or simply lay down their arms.

I recall too that Diana Negroponte had dinner with Anne and me in 1988 perhaps, at our home, while visiting Honduras, as she remained active on the board of a Honduran NGO or two, caring for orphans. I asked her about what she knew about Ollie North. She looked at me and said, "*We* never saw the guy," meaning the Ambassador and her. Which

rings true for me. Ambassador Jack Binns, whom Negroponte replaced, noted in his memoirs, rightly so, that he was not fully in the loop on some things regarding the buildup of the Contras in Honduras. So, how unusual would it be for North to slip into Tegucigalpa, see the station and return to Washington? Indeed, why would he want to see anyone from State as he engages in his subterfuge?

Q: And then, Carl Leonard was a rising star.

KRANSTOVER: Carl was our deputy and Cauterucci was there. And then John Sanbrailo, may he rest in peace, came in, a bit of a legend in AID, who later became Director for the OAS' (Organization of American States) Pan American Development Foundation, PAHO.

Q: And relations with Washington, with USAID in Washington, how were they? They were good?

KRANSTOVER: They were good. They were good, yes. Lots of scrutiny of course, but this is one of the largest programs in the world for a while. Senator Leahy came through, then Rep, Ed Markey stopped in among others, and as I say, the Secretary visited in 1986. Then Vice President Bush visited in 1987 I believe, or early 1988.

Q: Okay. So, basically there was a lot of really good talent working on important things, doing the right things?

KRANSTOVER: I think so. I would say that. I mean, some of the stuff we accomplished there I thought was, at least in the short term, it made your day worthwhile, certainly.

On that $7.5 million project, for instance, or the Mosquitia project, as they called it, one incident there which you'll appreciate is worth noting. It was all over the Honduran press that some 30,000 people along the border had been displaced by U.S. army maneuvers. And I think this was probably in the summer or fall of '85, maybe early '86, and I got sent up to that area with this fellow, Bob Gersony again, who was working in the Political section on a contract. The author Robert Kaplan wrote about Gersony in his book "The Good American" which came out in 2021.

Bob and I went to a place called Danli, at the behest of the Embassy to look into this. Danli is near the border with Nicaragua and a famous cigar-making place, and that's where we were expecting to see 30,000 displaced persons milling about. Well, we couldn't find anybody. And we got closer to the border and then we spent a couple of nights in Danli during which time we interviewed people and eventually walked into the Catholic Relief Services office or "Caritas" office near the main church.

We talked to the fellow in charge, and we said, we understand that the press is using your numbers about some 30,000 displaced Hondurans here. He said, "Yeah." I said, "Well, where'd you get that information?" He pulls out this report and it—and Bob says, "Can I see that?" And it was a table with rows and columns, a one-pager and some annexes. And

I'm talking to the Caritas fellow while Gersony goes through the numbers. Bob adds it up a number of times. And I was waiting for Bob to say something, but he was focused on this piece of paper. Finally, Bob turns to me, he says, "It's not 30,000. It's 3,000. The guy's math is bad. There's a typo here." And to the Caritas guy's credit, he said, "Oh, yeah, "puta." Well, by this time the press had picked it up, right, and so it was all over. It never died, never died.

We walked out of there and we had a few hundred thousand dollars out of that $7.5 million for administration purposes, and I remember Gersony sees this guy who's standing in front of this savings and loan cooperative, and we walk in there, we introduce ourselves, have a cup of coffee, just start shooting the breeze, and Bob says, "Could you act as a fiduciary here for a couple of hundred thousand dollars? We'd like to maybe channel some money through you guys in order to monitor what we're doing in terms of water and health and these ag projects," part of this $7.5 million. The guy says, Vicente Blandon was his name, "Yeah, sure." So, we sent out two of our FSN accountants the next week to check the books, do a little report on the institutional capability of this operation. And we ultimately gave Blandon's coop a couple of hundred thousand dollars for like two years, from which the cooperative took, I don't know, half a percent or something. And that functioned like a charm. And that was Gersony's idea. We managed to get a local, established non-profit to help manage the Mosquitia project's admin expenses.

We never were able to beat down this idea that the U.S. government had essentially displaced 30,000 Hondurans, and the left used that all the time, of course, to give us a sharp stick in the eye. But I mention that—to me—so, this is a typo, Robin. This is a typo on this guy's table. It's one of those things that, you know, human error, right? Not a conspiracy. No. Not a deep state. Somebody made a mistake.

Q: Made a mistake and he didn't catch it. (Laughs)

KRANSTOVER: Right.

Q: All right, Peter. I think I've kept you long enough today.
From there you went to Costa Rica?

KRANSTOVER: After that we went to Costa Rica.

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Q: Good afternoon. It is February 13, 2022, and we are continuing our conversation with Peter Kranstover under the AID project.

So, Peter, we ended our last session talking about your tour in Honduras, and we also discussed your tour in Sudan. So, I wanted to see if there were any aspects of either of those tours that you wanted to add to.

KRANSTOVER: Right. Well, thanks so much. Always good to see you. And I've thought about some of those rather astute questions you've tossed at me regarding foreign aid and things like this, and we talked about Paul Collier, formerly with the World Bank, now at Oxford, talking about foreign aid being a bit of a placeholder or a holding action, as he says in *The Bottom Billion*. I gave you some detail regarding what I thought was a very successful development project on water and sanitation that I was involved in. And of course, I blamed Congress for not having a decent budget on a regular basis such that one might plan. But I think fundamentally, Latin America's structure, its land structure can't be underestimated as a primary barrier to a healthy, functioning market, and that's the whole issue, the colonial past of the Spaniards and the "encomienda" system which then morphs into the "latifundio," which creates an inability of one to obtain a land title and thereby have some collateral.

Q: What you're referring to are big land grants where a very small number of people owned most of the land.

KRANSTOVER: Exactly. Right. Which is why, even to this day, with respect to that type of situation, Latin America is the one with — of all the regions in the world regarding wealth disparities – the largest disparities in terms of land and wealth.

The "encomienda" you will know is what the king gave to the conquistadors, it was essentially this land grant by which the conquistador not only got land, and I'm talking about square miles, with which he could do what he wanted. And presumably, that was to cultivate crops and things like this and to exploit the land for the good of the crown. More importantly, he was also supposed to convert the locals and make them good Catholics. And so, he not only got the land, but he also obtained title over thousands of human souls, indigenous, to work that land, people who were beholden to him. And so, it was his job, basically—he had a right to use them in any way, shape or form that he wanted as a form of indentured servitude. And so, the vestiges of that are what, for me, are—have to this day resulted in huge barriers to an open and transparent and decently functioning capitalistic, free market system there.

For me and other observers, this factor is the basis of insurgencies, in the fifties in Bolivia, although the miners started things, in Colombia in the sixties, certainly in Guatemala and El Salvador, and Peru in the late seventies. In Peru at that time, the School of the Americas-educated Peruvian colonel, Juan Velasco, came in and attempted to do things, all with that intention, at least ostensibly, to basically restructure property ownership in an attempt to make things more equitable. Nancy Birdsall posits in some of her work of some years ago now that if you start off from an equitable—a more resource equitable base, chances are that you're going to be able to have a slightly more secular, if you will, growth rate and not one that has notable and pronounced changes as growth proceeds.

Not to drop too many names here, but Kuznets in the fifties said that disparities are initially a natural part of economic growth—economic growth causes great disparities initially in your growth rate and some people are left behind a bit. Eventually, they catch

up, ideally, but that's just how the capitalist system works, Kuznets was saying in his growth theory.

And so, Birdsall, who's at the Center for Global Development for many years and had worked earlier in Brazil, says, well, maybe if you started off from a relatively equitable situation and not one wherein you've got really a disparate situation regarding resource use and ownership, you could get on a growth path that wasn't quite as disruptive as Kuznet's growth theory suggests.

I hope I am laying this out correctly. Consequently, if there is a more equitable distribution of resources and opportunity to begin with, a country wouldn't have the kind of disruption, if you will, over a longer period of time and you get a steadier growth path. Costa Rica might be an example of this.

So, that kind of thing in Latin America for me, when we came in, when Kennedy comes in with the Alliance for Progress and AID in '61, advocating finance and savings and loan cooperatives and things like this, all of this is supposed to move these countries into an equitable economic capitalist growth path. Well, a lot of economists thought yeah, not a bad idea. Soon of course, we realize that the endemic sort of structural characteristics of those economies are going to make things difficult.

Q: I've been told by other AID economists and diplomats as well, there's another aspect to this, which is that these people who got these land grants, they ended up with a different idea of governance and the many people that have worked in the region have said, I don't know if you agree, that the idea of the social compact where it's just not part of the culture as much as it is of our culture in the United States, so that—by which they mean that people in public service know that they're supposed to be providing services, instead of arriving into power in order to enrich themselves. I don't know if that is too simplistic—

KRANSTOVER: I would agree in part. No, I think that's not inaccurate. I think that this issue, the social contract, the social compact that we have here in the States, and which Great Britain did with Joseph Chamberlain, the "gas and water socialist," regarding the benefits of an activist government, is primary. The citizenry does some stuff, corporations and capitalists do other stuff, but the fact that human capital, that labor is used as part of the production process means that the population should have some type of reassurance that, market failures which invariably occur, where theory doesn't unfold as neatly as it does in the textbooks, must be taken into account. That's where government, public institutions, some type of social security, for instance, should come into play.

From my experience, you just don't have that compact, that historical connection between the people and their government, the elites if we can generalize, in Latin America. You've got these huge disparities to begin with that go back four, 500 years. And when you would talk about land tenure reform, certainly in El Salvador in the sixties and seventies, Guatemala the same thing, Colombia, certainly, where the ELN (Ejército de Liberación Nacional/National Liberation Army) starts out in the cities in the

mid-sixties with Camilo Torres and others, they're talking about land redistribution, recognizing that this may allow people to get a title, the reaction of the right is violent.

Land ownership would give the poor collateral, allow them to get a bank loan, that would allow them to realize economies of scale and small productive farming and things like this, and basically have a somewhat predictable and relatively safe life.

Q: But in Honduras, they had done a land reform and it—it wasn't resulting in that.

KRANSTOVER: It, as I understand, did not bear much fruit. The Instituto Nacional Agrario in Honduras was all about land titles and some redistribution, but it never did get involved in large redistribution efforts. I think we talked about the fact that in Honduras along with Nicaragua, a relatively less densely populated place, although with a big agrarian, peasant farming sector, less densely populated than Guatemala or El Salvador didn't feel that, I believe, that kind of pressure for a heavy-handed, leftist land-based agrarian movement, although there was ANACH, which we talked about earlier too, that had some of those tendencies—and certainly there was a small insurgent group there in the seventies, a leftist group. So, that's all part, for me, of this larger question of why haven't we been able to go in and transform countries, as we assumed we could? Other than saying it's really complicated, there are good explanations for this, while staying focused on a predictably financed assistance program. You have to stay focused on this stuff for a long, long time.

The other thing that people assume regarding foreign aid is the belief that it's only about economic growth—when in fact it is about at least three things. It's economic growth and development first, then it's security for us and for the people with whom we're working, and by that, I mean a market security, and a trade security situation, that's in our interest, here in the United States, since we're all so connected, to have and rely on. And thirdly, it's about democracy. It's about democracy and the fact that we happen to believe, as arrogant as it sounds, that that's probably a good framework through which to function in a national manner, as part of foreign policy.

This all makes us sound like American exceptionalists, and goes back to Wilson saying, you know, I'm going to teach those Latin Americans about democracy as he sends troops to Mexico. This is a bad paraphrase, but that's basically what he said. And then you have *The End of History*, in the early 1990s by Fukuyama, and everybody interpreting that as meaning, oh, you don't have to worry about anything. Maybe we can withdraw from some of our global commitments. The intellectual and ideological debate is essentially resolved now, and we won. But there's arguments still to be made that foreign assistance does get us that place at the table, even though some would argue that it's much less important now.

So, it's economic development, and we have done notable things in that regard. And then, you've got security issues writ large. And then you've got the issue of democracy. And so, all of that is—so it isn't just moving money into these places all the time, and then only on a somewhat unpredictable basis and expecting magic to occur.

When we talk about this coming into play, for me it's the job of people like you and me and government officials living overseas to make sure that the funds are used in an effective and transparent way. And there's a discipline to it. And there's a theory to it. And there's people who have thought about this for a long time and won Nobel Prizes thinking about it and trying to suggest that it be used in various ways. And that's just a continuing debate on a long spectrum, from why are we even bothering, to let's just pour in tons of money every year to Country X, or Region X, right?

Q: One of the interesting things about our system is that we do have swings in the philosophy, even on AID programs, and so, I think I looked it up and let's see, in your time as we go into Costa Rica, you've got Ronald Roskens in charge of USAID.

KRANSTOVER: Yes, yes.

Q: Alan Woods and Ronald Roskens.

KRANSTOVER: Yeah. Woods had some good ideas but died tragically in office.

Q: But then, after that you get Brian Atwood—

KRANSTOVER: Yes. Roskens came in at the end of the Bush administration and then Atwood under Clinton.

Q: And then Andrew Natsios. They sometimes had different views on how we should be going about development in AID and development and development effectiveness. So, let's try to bring that in where we can because I think you are one of the people that is really aware of the bigger currents that are affecting your work. So, let's remember as we go through how the overall policies were changing, policy emphases.

KRANSTOVER: Right, right. And so, we go to Costa Rica in '89 and now, northern Costa Rica, like southern Honduras in the eighties, was a bit of an enclave, if you will, for a couple of different anti-Sandinista groups that the CIA was taking care of. And ultimately, AID helped both of those groups with yet another appropriation towards the end there, in '88, '89, '90, all for winding down, for humanitarian purposes.

Q: So, you and I arrived in Costa Rica in the summer of 1989 and Ambassador Dean Hinton was there.

KRANSTOVER: Dean Hinton. Yes, yes. Who served as AID director many years before that in Chile, you know, in a country that we basically left and said, you guys are okay. I think it was the late sixties that Hinton was there. But yes.

Q: I think he started in USDA (United States Department of Agriculture) and then—by this time he had been ambassador quite a few times. And he ended up not staying very long after that because something happened in Panama and they needed him.

KRANSTOVER: Right. We invaded Panama in late 1989 in order to remove Noriega.

Q: So that was the context that we came in. And then, who was your AID director there?

KRANSTOVER: So, I followed my friend, Carl Leonard, into Costa Rica, who had gone from deputy in Honduras to Mission Director in Costa Rica.

Lovely guy, wonderful fellow. Just really—and that—like the two things I always thought of as I got a bit older about success in this business, if not other businesses, it's temperament and judgment. I always thought that Carl had those in abundance, certainly. And he was very even keeled, and he was very quick with his sort of assessments of things, and he could make a decision without necessarily annoying one party or the other.

As one older colleague who retired a bit before me said one time after walking out of a meeting with me, presided over by Carl, "You know, that was a rather sensitive topic." He said, "And everybody walked out of there happy," he said. "But I'm not entirely sure exactly what the decision was that Carl made." (Both laugh) I remember—

Q: That's a gift.

KRANSTOVER: Right.

Q: Well, the other context I think we should add is that Costa Rica was getting more money from Congress for assistance than the administration was asking for.

KRANSTOVER: Yes, yeah. A bit. Costa Rica is a favorite of some on the Hill.

Q: My impression as an economic officer in the embassy was that AID was not necessarily happy about that. They were having to really reach to find ways to use the money productively. That's my impression coming in at that point.

KRANSTOVER: Yeah, I think that's a reasonable position, that's a reasonable argument. And there was—because of the security element that we talked about, so that gets Congress's attention per usual. Not unlike Sudan in the early eighties, but much closer. There's a reason that appropriations go up and down, there's a number of different reasons. Humanitarian assistance, of course, is another, which I mentioned earlier as being popular with the electorate. If you ask people about foreign aid, they'll say, oh, we're wasting it. If you ask people, should we help people out who are refugees and who are starving and who are suffering from natural disasters, the American people will say yes to that. Yes, we can do that, we should do that. But Costa Rica, as you know, three million people, maybe a little over three million people. There were just a little over a million of them there when José Figueres wins Costa Rica's civil war in which about 110 people die in the 1940s.

Q: Nineteen forties, in the 1940s.

KRANSTOVER: 1948. He transforms the place with respect to getting rid of the security forces, and he allows the black population on the Atlantic coast to move—to actually be able to wander around and move throughout their country as citizens. They had been essentially cut off, really, from national life, confined by law to the Atlantic Coast.

And then Costa Rica becomes a big player, of course, because of the Nicaragua situation after the Sandinistas take power in July of 1979. Also, as you'll remember, in 1982 the Costa Ricans were the first Latin American country to default on their debt; and just shortly before the Mexican economy went under. The Mexican economy, being so much larger and so much more important to us on a daily basis, got an awful lot more ink at the time, but it was Costa Rica which defaulted initially. The default reflected in part government mismanagement, a heavy reliance on coffee exports with coffee and cattle and some precious woods and bananas. Those factors, combined with a public sector as a large part of the overall economy and budget, compared to other countries in the Western Hemisphere, pushed them to default.

And then, of course, of interest to a particular group of U.S. government people if not international types in general is Costa Rica's biodiversity and the fact that in '69 they were the first ones to establish a national park system in Latin America. And then that just—that's a little—there's a couple of places, like the Darién Gap and some places in northern Ecuador and places around the world, in Bolivia and Peru that are deemed "biodiversity hotspots." And so, we—so public sector reform, the small vestige of supporting some of the Contras in a humanitarian manner, and the whole issue of the environment and support for the national parks and things like this loomed large in the project portfolio.

Q: I think also coffee prices were plummeting when we arrived.

KRANSTOVER: That's true, that's true.

Q: So, I'll leave it to you to discuss, but I think you all started getting into diversification.

KRANSTOVER: Some alternative crops and things like this, right, exactly. So we had a big ag project up in the north there. It was sort of a big regional agricultural project that was involved in not only protecting some of the areas there from further exploitation with respect to the forests in that area, but also assisting and helping out coffee farmers who had had a difficult time and who were looking for some alternatives in things like black pepper, cardamom; cardamom, which is a nice export product, particularly for the Middle East where Middle Easterners enjoy it in coffee; and a high value piece, a little bit labor intensive. You still need some guys who are going to go in there and harvest this stuff by hand.

We did that in several different places, including around this jewel of a place in some really—very specific areas though, very small places around the Osa Peninsula, down there on the Pacific side near the Panama border. And we had some—we had success in

that regard, in the ag sector in any case. Jim Michel, who was the assistant administrator at the time for Latin America, who had been ambassador to Guatemala in the late 1980s, called some projects, "patches of green," the neat projects, good to look at, probably not necessarily all that sustainable.

He was concerned that we were not getting enough policy reform however through our portfolio and reminded us of Costa Rica's large public sector, their tax revenues not being particularly good, these types of things. He mentioned that they had a bit of corruption, they're not functioning efficiently, and that's why they got into trouble ten years before regarding their debt and their economy. So, he wanted us to do more in policy dialogue, looking for some policy changes and have some public policy reform as opposed to, to paraphrase him again, these "patches of green" projects.

The biodiversity and the parks—support to the park system, all good, for which we set up really a great project, shepherded through by Lewis Lucke before he left in 1990, and ultimately leading to the creation of a foundation that we funded throughout maybe twenty, twenty-five years called FUNDECOR. Lew later served as Ambassador to Swaziland. President Clinton visited the foundation during his administration, at the same time as José Figueres, the son, who was then the Costa Rican President. I think Figueres—he's running now, as a matter of fact.

He's running again. The son of course. April 4 is the election. He and his competitor, Rodrigo Chaves Robles, who was a Costa Rican World Bank official for many years are the two frontrunners now, having come out of a primary of twenty-five people just a couple of weeks ago. Figueres came in as President in '96 if I'm not mistaken. He had been a cabinet minister in Arias' administration when you and I were there, Minister of Transportation for some time.

So, the park system was being supported in part by us, which was a huge opening for, of course, the tourism business, which then overtook, in terms of a source of hard currency, coffee, perhaps in the early 1990s. And that continues, of course, to this day. If you've been back to Costa Rica, you know there's people like me all over that place now, Canadians and Western Europeans and North Americans who have retirement homes down there.

Q: I went back to Costa Rica as DCM in 2015-2018. When I first got there in 1989, they were down to like 23 percent forest cover in the country. And by the time I got back in 2015 they were up to 52 percent. So, they are one of the most successful countries in the world in reforestation. This may not have been the initiative you focused on most, but—

KRANSTOVER: We'll take credit for it though. Certainly partial. The Costa Ricans did not have to be educated on its importance of course by us.

Q: As AID left Costa Rica a foundation was set up for reforestation for one part of the country. It was just one forest, but in implementing that foundation they developed the idea of a gas tax that would be used to fund reforestation and reduce deforestation

projects. And so, they do give AID credit for this magnificent feat, which involved ecotourism and all those other things that evolved over time. We also had the debt-for-nature swaps that I think probably started around that time.

KRANSTOVER: Right. Mid-nineties, I think. Debt-for-nature swaps and stuff, indicating some smart people in Washington and elsewhere were thinking about how to collateralize debt and use it. Brady bonds, named after Bush I's Treasury Secretary, also deserve credit. And FUNDECOR (Fundación de Cordillera Volcánica Central/Foundation for the Protection of the Central Volcanic Mountain Chain) foundation, which was started when—as an idea and was just maybe six months old when my wife and I got there, and Carl was there.

It just sort of started to take off in the next year or two. It was a little bumpy. But a lot of that was due to a lack of clarity about setting up foundations using government funds. It was ultimately sustained through an agreement with the government wherein a lot of local currency, which had been banked by the Costa Rican government through—the ESF account of a few years earlier, was used to underwrite the operations and put into a trust. Later, my wife, full disclosure, who worked as a contractor then with USAID, served on the board of directors of FUNDECOR for several years, after we left and into the mid-2000s.

Q: What did FUNDECOR do?

KRANSTOVER: Well, so, FUNDECOR did all kinds of stuff with respect to natural resources improvement and support for the park system and for training people and for conferences. It provided a private sector element of park management for that public sector element. There was a wonderful guy by the name of Franz Tattenbach, a Costa Rican-German who had studied at Cornell and who had done some contract work for us. He became quite an interlocutor and advocate for the foundation and ultimately the director of FUNDECOR. And he had a number of connections, as you might imagine, with both the PLN (Partido Liberación Nacional/National Liberation Party) and with PUSC (Partido Unidad Social Cristiana/Social Christian Unity Party) during that time and was well-liked and certainly well thought of during that time. He also was able to bring in other sources of funding for park operations and take some of the pressure off the national treasury.

Q: So, could you just say what PLN and PUSC were?

KRANSTOVER: Sure, sure. So, the Partido de Liberación Nacional, the National Liberation Party, which was Figueres's party, and then PUSC, Partido Unidad Social Cristiana, the Social Christian Unity Party, based off the old Christian Democrats, formed in 1983.

Miguel Ángel Rodriguez, the Stanford-educated economist, who for all intents and purposes represented the right of the political spectrum, headed PUSC.

Q: Okay. So, we have some good context, and Óscar Arias, who had already won the Nobel Prize when we got there.

KRANSTOVER: Yes, so he wins the Nobel Peace Prize for the Esquipulas agreements of 1987.

Q: And so, you come in with Carl Leonard and you are, this time you're in charge of the program office, is that right?

KRANSTOVER: Got the program and project office, which we eventually brought together. So, we had this big ag project, promoting export crops and forestry. We had the biodiversity/natural parks efforts. We had export-led ag growth that we were promoting through various entities and groups. We had two things with respect to democracy. We had sort of a reworking of—and again, all under that rubric—of public policy reform, public sector reform, which really sought to get—to diminish the number of people who were employed as part of the Costa Rican government. And that involved, frankly, improving everything from Congress's functioning—and we brought consultants in for that—to fixing their congressional library and their filing system, and working with the, I want to say the TSE, the Tribunal Supremo Electoral, the—

Q: The TSE is the electoral commission, right?

KRANSTOVER: Electoral commission, which implemented and oversaw elections. And so, we had those projects under the rubric of democracy. In our Democracy office Laura Chinchilla served as an advisor for a bit who of course went on to become President of the country in 2010. She had been Arias' Minister of Justice.

But as I say, we didn't have a lot of funds—and so it was a lot of dialogue, a lot of meetings, a lot of jawboning, somewhat heavily weighted towards trying to use moral suasion in order to get the Costa Ricans to do what we thought was in their best interest in order to have sustainable growth. We essentially wanted them to cut back on public sector employment, which was a relatively large element of their economy. All those state funds, it can be argued, could be used for private investment.

And it was a thing that James Michel, as I say, wanted us to do, —but we didn't have a lot of money. The one thing we didn't have was $100-$200 million in ESF money anymore, as we had in the mid to late eighties, wherein you had some leverage. With ESF, you could be bald, if you will, about it. You could say, diplomatically of course, we'll give you $50 million if you cut government employment by this percentage, and we will help you in the provision of severance pay for those employees. Show us evidence that you are doing this, and disbursements of so many dollars will go to the Central Bank. Show us indications acceptable to both of us that you've done that.

Well, we had a session, a meeting at State. I went with our economist, Juan Belt, a very fine economist, and our Director, Ron Venezia. Carl had left. Carl had been dragooned from there into Bolivia and then El Salvador because in 1992 the Peace Accords were

signed in El Salvador, and so—and reconstruction and a whole new portfolio started, and his reputation has always been such that he was the guy. So, they grabbed him, and Ron Venezia came in from Washington, who had a lot of Latin American experience.

Q: A very different temperament, but very good.

KRANSTOVER: Yes, he was. Ron and I got along, although it wasn't—we had some differences. But there wasn't any—and he was very much taken too, ultimately with this whole FUNDECOR project, which he criticized fiercely at one point in front of several of us when it was just getting off the ground.

Q: I'm sorry, I stopped you. You and he were going to a meeting?

KRANSTOVER: Well, so we had to go up, so we had $25 to $30 million that one year, it must have been '92 or '93, and we thought that—there was a big debate about whether we would put these funds into the environmental sector and "projectize" the ESF, as they say, doing tourism-related biodiversity kinds of activities, or whether we would basically take all of the funds, and use it as incentive for Costa Rican public sector reform. Ultimately, we decided to use it for policy reform, but only after this rather salty meeting with Amb. Michel.

And so, the meeting with probably twenty-five people in offices on the second floor in State, chaired by Michel, proceeds. About twenty minutes into our session after we had all bloviated a bit, Michel sort of sits back in his chair and he says, "You know, Ron," he says, "You're doing fine down there, but," he said, "You've got $25 million in ESF this year," and he said, "I'm getting a lot more policy reform from a number of different countries in the Western Hemisphere who have a lot less than $25 million in ESF." And you could have heard a pin drop. And Ron sort of went off. And I remember Juan Belt and I kind of looked at each other like, oh, Jesus. And Jim Michel—you've met Ambassador Michel, another fellow who sort of exudes how you want to be temperamentally and just very thoughtful.

Michel just quietly absorbed it, although it was really, particularly given our slightly hierarchical structure, a bit uncomfortable. And ultimately, the use of the $25 million was approved by Washington, but they said, get some—they said something to the effect that, get this policy reform taken care of—get some type of diminishment of public sector employment in Costa Rica, which as far as Washington was concerned, and they were right, contributed greatly, along with a drop in coffee process, to Costa Rica's bankruptcy in '82.

Q: So, how did you set out to try to do that?

KRANSTOVER: You know, we were—but again, those were—those ESF dollars, which Costa Rica needed were distributed in a couple of small tranches over maybe two years and then local currency was generated from that and we supplemented those things.

Because what the Costa Rican government had to do was give what they call "prestaciones," sort of severance pay, and—

Q: So, did they use it? Did they use it for severance pay?

KRANSTOVER: They did. So, they did use it for those types of things. Fungible, this is fungible stuff, so they were able to soften a hit to their Treasury for their employees who were released. And the IMF and World Bank, frankly, wanted the same thing - we were all together on this with respect to this kind of policy reform and often met with the World Bank reps when they came to town. Doug Tinsler, our Deputy Director, made sure the multilateral banks were always in on this issue.

Now, I thought that, given the amount of money that we had, that certainly a number of efficiencies were realized, the first one being a diminishment of employment in the public sector. The jury, I understand, was a little bit out on that, though, afterwards and it wasn't entirely clear—and just personally speaking, I'm not all that sure whether the Costa Ricans were completely transparent with us regarding those numbers. As it got into the late nineties, I wasn't entirely sure if things had improved as much as the Costa Ricans were telling us. One of my excellent staff, Dr. Ligia Carvajal, who watched over this closely, always remained a bit skeptical. This was the decade of the "Washington Consensus" of course.

Q: So, one of the problems for Costa Rica was that when Pepe Figueres established the modern state in the late forties, he was trying to make a social democratic culture and a lot of private sector stuff was actually written into the constitution as public sector roles—insurance, banking, energy, telephone.

KRANSTOVER: Right. Right. And so, yes, banking. The coffee sector was one of the bases for the banks' initial capital-that – along with bananas. Figueres's policy positions after the civil war in the late 1940s were not unusual, with respect to an important role for the public sector. What was unusual and perhaps what made it slightly more salient, is that you had only three million people in Costa Rica in the 1990s. And so, to have—I mean, if you have thirty million people and you've got that kind of development or economic model, perhaps your outcome and your abilities are going to be measured in a much different way. Still, that structure was completely congruent with and consistent with popular thinking and theory at that time. And Latin America's Social Security Administrations; all of these countries were inspired by FDR in part to put in some kind of Social Security Administration. All those things were established. And the public sector just happened to loom large at that time. It was enjoying a moment in the late forties and fifties, reflecting economic development theory at the time and the fact that outside of Europe and the United States, the rest of the world wanted to follow its own development path.

You know that Costa Rica also did not suffer from the issue of land tenure, of huge land tenure disparities, huge property ownership disparities, mainly because, as I understood it, you had migrants coming in, small farmer operators coming in. You had a bit of a diaspora coming in from Europe too, entrepreneurs and people who established

themselves and helped form a small middle class after WWI and WWII. That and Costa Rica represents that area in the Central American isthmus that wasn't really conquered "conquistado." Pedro de Alvarado stopped around northern Nicaragua as he came south. That's basically where your latifundio stuff in Central America ends with respect to a southern limit. Until you get into South America of course.

Q: What I was told, and I don't know if this is myth or what, is that all the indigenous died of disease. There wasn't any way to have plantation labor in the country until later when Caribbean blacks were brought in to work on the—

KRANSTOVER: The banana plantations. Yes. Yes, I think that is an important factor too. And I recall reading and hearing from my Costa Rican colleagues that some 30,000 indigenous were alive and well when we were there in Costa Rica. In '90 or '91, there was an amendment to the constitution wherein they were able to—the indigenous were officially recognized as Costa Rican citizens. And I think that was just at the end of the Arias administration or perhaps just at the beginning of Calderón's administration. But you know, we all always—when this happened many of us thought it embarrassing for Costa Rica given their often-gratuitous bragging about being a bastion of democracy.

That assignment, tour, five years for us, was just wonderful in terms of the whole domestic scene. The children were a block from school, we had a beautiful house, I had great colleagues, my wife, Annie, had a great job. And we enjoyed it very much.

A close Latino friend of mine said to me years ago, "The Costa Ricans felt that they had invented democracy." And I remember going to the grocery store one time with one of my kids on a Saturday trying to get into a parking spot, and this fellow whips in front of me on his Vespa, and I almost hit him because he had just—he came in the opposite way and he just swooped in. And I stopped, hit the brakes, and I got another spot and I walked down, and I saw him, he's taking his helmet off, and I said, "Jeez," I said, "I thought I had that spot." And he said, "Listen." He said, "Here we're Costa Ricans and we do what we want." And I just burst out laughing because it was so—it was just so consistent with a popular sort of image, right, that some outside observers and some of the more astute Costa Ricans have and who are quite happy to admit that yeah, yeah, we can be a little bit like that. I liked them very much. We made some—we actually were just talking to an old friend down there who had been a teacher of one of the children in grade school.

Q: So, going back to the projects, so the public sector project—

KRANSTOVER: That proceeded—that was just sort of like the premise. That was the framework we worked within. It was an ongoing effort and we'd check in with the various ministries or the "Casa Presidencial" on occasion to see how things were going. Dr. Carvajal was on this all the time. And then, of course, the natural resources stuff always loomed large. And as it got into that third or fourth or fifth year, I don't mind telling you that we started to lose some local staff, and we started to cut back. And Washington started to talk about closing the mission. And so, Venezia, who had come in in '91, I believe, left in—and retired in—I believe in '94. Let's say Ron came in in '90, he left in '94.

And retired from there, from Costa Rica. And then a fellow named Steve Wingert, who was in Washington and with whom I had worked in Honduras for a time, very fine guy, came in, and he started the job of pulling back and of moving people out, restructuring, what we used to call firing, and seeking to do that, of course, in as sensitive a manner as possible. The Deputy Administrator, Carol Lancaster, came down and let us all know that this was really going to happen. You might appreciate that we had, as in El Salvador, and in Honduras and some of these older missions, professional FSNs who had been with us for thirty, forty years in some instances, and it was a bit of a painful process.

So, Wingert and I and a couple of other office directors were charged towards the end, with setting up some seminars and job counseling, for our colleagues—the controller's office appropriated, and I don't mean that in a negative sense, but budgeted out some local currency because suddenly, according to Costa Rican labor law, we needed to pay some big chunks of change to a number of different people because of their service.

Q: So, what was the stated reason for trying to reduce and close the mission?

KRANSTOVER: So, they're a success story. They're okay. Their economy's moving along, they've got good human capital, their institutions seem to be functioning okay, their GNP put them into a middle-income country classification. Atwood wanted to show the Hill also that foreign assistance could have an end point. And of course, as we mentioned earlier, Eastern Europe was the new emphasis after the fall of the Berlin Wall. Nobody would argue with the fact that they had elections, national elections on a regular basis. And you could point to them as certainly a success story as far as we were concerned regarding their development and the types of assistance that we had given them for what happened to be fifty years. Anne and I left in '94, I think we closed ultimately, turned the building over to the Costa Ricans in 1996—and you remember the building—a beautiful, beautiful building, and then left, after putting in place a foundation. Ron came up with this idea. My friend and colleague Rich Wheldon actually turned out the lights as acting Mission Director.

Q: Oh, CRUSA (Costa Rica United States Foundation for Cooperation), what became CRUSA.

KRANSTOVER: CRUSA. Yes, exactly. Thank you. So, CRUSA takes local currency, setting up a board and providing a source of operations and revenue for any number of activities, including conferences, visits between the two countries, gatherings of USAID scholarship recipients. Venezia had that idea. He felt that there was—we had done so much over fifty years in all kinds of ways, including scholarships in the early—in the fifties, sixties, seventies, and he knew some of these people who had then come back to Costa Rica and served faithfully and well as public and private sector officials. And he wanted to do something in order to not only allow a soft landing but be able to leave gracefully and to be able to say to the Costa Ricans, we think we had a good partnership here for fifty years. So, that—

Q: So, on the private sector side of things —I think we talked about this last time—my impression is that the trade and export development agency that was put together by AID in Costa Rica was the most successful one in Central America, called CINDE (Coalición Costarricense de Iniciativas de Desarrollo).

KRANSTOVER: Yes, perhaps. The Salvadorans might debate that, but, yes.

Q: And they had some criticism because they were paying their folks a lot of money, a lot more than other Costa Ricans were making, in government certainly, but they were people that were very good at promoting exports and mostly bringing in foreign investment.

KRANSTOVER: Yes.

Q: And that was already successful, so they were starting to bring people—more private sector investment from overseas. Is that right?

KRANSTOVER: I think that's accurate. I think there was—again, reflective of Reagan Administration policy regarding a shift towards more private sector involvement using AID assistance in establishing these export promotion operations, it was staffed and run by local, sophisticated, bilingual entrepreneurs, a lot of whom El Salvador and Honduras certainly also had. They drew from your relatively well-established upper-class, upper middle-class types who could work in this bi-cultural environment.

The problem with CINDE is that ultimately, and I think it was another visit from Jim Michel, who was given a tour of this building, which was a real Cadillac, and it had been, I guess it had been built in the late eighties, early nineties, and it was just a beautiful building, and not entirely occupied. And so, he was a little concerned about the image that that reflected. And so—

Q: This is for CINDE. You're not talking about the AID building?

KRANSTOVER: For CINDE, for CINDE, yes, right. And he thought, uh, I'm not—I didn't hear him say this, I should say, but I know he was concerned about the fact that—we would be involved in something like that on the one hand and then needing to address starving Sudanese on the other with things that Congress might be a little more interested in.

Q: But Costa Rica was already, I think, a place where U.S. companies would like to have their regional headquarters just because it was more pleasant to live there than other places, yeah.

KRANSTOVER: Yes. Yeah, yeah. Although interestingly, with respect to the plane routes at that time, it was San Salvador that was really the hub with respect to transportation, air transportation in any case.

Q: Right.

KRANSTOVER: But yes, of course. And it continues to draw, as you know, people to this day. And being in San José, so you certainly get to the Caribbean, you get to North and Central America and to Mexico, you get to Bogotá easily. There's a bit of a community, as you probably know, of Colombians, as there are in Panama, who have been there for decades because of the instability in those places over the past forty or fifty years. And Chilenos, also, after Pinochet came in in '73, there were a number of Chileno exiles who came up to San José. San José and Mexico City seemed to be the places where Latin American exiles went to. So—

Q: Subsequently CINDE or the government was able to attract pharmaceutical companies and—

KRANSTOVER: So, they got pharmaceutical companies, and they also got, later, Intel in there, Robin, if I'm not mistaken.

Q: Right. That's right. And that's where I was going. So, you and I, when we were there, no matter where we went, like if we went to the Pacific coast (which is so built up now) at this point you'd run out of highway and you'd get in some muddy road for ten miles or so before you'd get—and the biggest hotel was called the Flamingo Hotel. there was nothing really much there on infrastructure.

KRANSTOVER: Sure, sure.

Q: So, really Costa Rica was very rural and very undeveloped in that way, in infrastructure.

KRANSTOVER: Still, yes, at the time we were there.

Q: Except for hydro, except for hydroelectric power that was—had been installed. Is that right?

KRANSTOVER: No, that's—no, you're right, but it was small. And we did a little bit—there was just some episodic, sort of movements on our part to look into micro hydro. We had a couple people from the States coming and asking if this was viable. We didn't have much—we had a very fine FSN engineer who had studied at Texas A&M, who was our only in-house resource on this kind of stuff, and we didn't have money for that necessarily either. Don't forget that—this was when Congress really starts to earmark stuff too, and they're going after things like—they want to say to the agency, overall out of this budget of $20 billion for all your places around the world you're going to use this much for primary healthcare, you're going to use this much for biodiversity, you're going to use this much for education, so that locks you in a little bit. We had financed a huge new tropical agricultural school on the Atlantic side of the country called EARTH, which Dan Chaij, USAID's Director in the late 1980s, had convinced the Costa Ricans to do.

But now, you don't have a lot of discretionary funds in country. And there wasn't much for what would have been sort of traditional aid projects of the fifties and sixties and early seventies where you—on infrastructure and stuff like this.

Q: By this time, was it the Inter-American Development Bank that was more of a force for infrastructure?

KRANSTOVER: They had a lot more money and certainly a lot more patience. And finally, after years, just like World Bank, they finally got somebody in-country. And they're loan guys, for the most part. But they were able to take on these really monster sort of infrastructure operations that—like dams and things like this, not necessarily in Costa Rica but throughout the hemisphere that we just weren't—we weren't interested in or particularly capable of doing anyway.

Q: Right. So, it wasn't until Intel came in that really—the energy behind infrastructure development really started because it drew a lot of other interests. Along with the ecotourism that drew in all the tourists.

KRANSTOVER: Yes, yes. And the big talk then, too, was of Michael Porter, from the Harvard Business School, and his book on industrial and export—he called them clusters, where you had particular areas that were metaphorically if not literally roped off. This is also the time when you're talking about Honduras and El Salvador where the export, the "maquiladora" zones are starting to come in, right, and where talk of—well, and NAFTA (North American Free Trade Agreement), is signed in '94, in the Clinton Administration. George H.W. Bush actually pushed that for a while, but I think Clinton actually signed it then. And so—

Q: And then CAFTA came along later.

KRANSTOVER: CAFTA came in on the heels of that, of the NAFTA stuff then, right, exactly right, yes.

Q: So, but anyway, it was more challenging to get around. Costa Rica—it was more of a charming place than a developed place.

KRANSTOVER: Yes, yeah. Yes, lovely but just really—I mean, I joke with my wife, Anne, on occasion that the only time that anybody from our families ever visited us while we were overseas was when we were in Costa Rica. My parents, my in-laws, my brothers and sisters, my brother-in-law and his wife, everybody came down at one point or another during that time because it's just a lovely place to see and to be.

Q: So, I think you've hinted at this, but there was a big difference in what we were doing now, partially because the money that Congress had been bestowing was starting to dry up, but you were also—by this time we were fully working through contractors, right?

KRANSTOVER: Yes, right. And so, late nineties and then after 9/11 really the contractor element certainly takes off. But so, at AID, '96, Jesse Helms came out and said in an editorial in the *Washington Post*—and it wasn't his phrase, as I've discovered later—but this foreign assistance is all money "down a rathole." Oh, and by the way, let's get rid of AID. And so, Brian Atwood, who was Clinton's AID guy at the time, was under tremendous pressure to not only keep the Agency afloat, but also just to receive a viable budget. Budgets really were slashed and burned during that time, except, of course, for places like—except for humanitarian assistance, Egypt and Israel with ESF money, other similar places—such as countries involved in coca eradication and things like this in the Western Hemisphere. Things really went down in the mid-nineties, and as I say, Costa Rica, where the economy was doing well relatively, was ultimately a success story. People often legitimately ask, what can the U.S. point to with respect to countries that have graduated from foreign aid?

If you want to go back to MacArthur signing the surrender in Tokyo Bay with the Japanese wherein, he implemented a land reform by breaking up the Meiji estates and putting into place a certain structure, wiping out the military and putting money in for reconstruction.

You have Japan, Taiwan, Argentina, Costa Rica, Turkey, Greece. I think I mentioned this earlier. We had a program in Syria, if you can believe that, up until the mid-seventies, early seventies, if I'm not mistaken, until the '73 war. Venezuela, '73, after the oil price jump and embargo, we said you have enough money and you're doing okay. Uruguay, Chile. We pulled out of those places too, basically saying we think you're okay right now, as far as—and you're not going to get money from Congress in any case for a lot of these places, not unreasonably so. Their GNP was such that you could make the argument that they did not need any monetary assistance or projects anymore. And so, there's several places to point to, certainly, in that regard where I think we can honestly say that you and I and people before us contributed a little bit to helping their economies.

The other thing, Central America in the eighties and nineties got tremendous scrutiny because, one, they're close, two, they're relatively easy to get to, three, we think of them as our cultural brothers in arms and, lastly, real insurgencies were going on in those places. People were paying attention to Costa Rica or to Central America. It's much easier to pay attention to those guys and the Contras and all this stuff as opposed to Afghanistan.

There are two things going on in the eighties. There's Afghanistan—in terms of foreign affairs, other than the Middle East—you've got Afghanistan and you've got Central America, insurgencies in El Salvador and Nicaragua and in Guatemala at the very least. And so—

Q: And then in the nineties we had the breakup of the Soviet Union and the East bloc and so a lot of money was going to that region.

KRANSTOVER: Thank you very much. Yeah, exactly. So, all of a sudden, boom, a huge shift in focus. If you've ever seen the movie *Charlie Wilson's War*, or read the book, at the end it's the Charlie Wilson character, played by Tom Hanks, who is sitting there in this congressional conference room with a bunch of guys, sitting around a table, making decisions and saying, no, we're not going to give them, the Afghans, any money. Well, what's not said there is what you just alluded to—you can say we abandoned the Afghanis at that point, but we were taken by this fundamental shift in world politics with the fall of the Berlin Wall. And being the Atlanticists that we are, suddenly, ah, we are not looking south anymore.

Those were the decisions that were made, and all of a sudden we're establishing places, AID missions, in Warsaw and in Prague and in Sofia and in Moscow, for that matter, where we believe that we can actually do something, driven a little bit, I think, by what, some might call it the malady of American exceptionalism. I always say that even if we are exceptional, it doesn't necessarily make us good. I mean, you could be, you know, exceptional for bad reasons.

Q: Okay. But let's go back to AID. So, at this point did you consider yourself part of the mission leadership?

KRANSTOVER: Yes. Well, I found—yes. I mean, I was in a senior position, I was running an office. I was asked my opinion on occasion.

Q: And did you have a clear management style? Had you developed a management style?

KRANSTOVER: You know, I usually called it, and I thought it was from an old Harvard Business article that I got in the eighties about management by walking around.

I always had a routine. I'd see everybody within the first twenty minutes of the day and go in and ask them what was on their agenda, what were they doing, how are things. By the way, did you get that—those talking points to me or to the front office, you know. Perhaps what I did not do enough of was to make face time with the front office. In retrospect, I could have done it a bit more.

I found that—and actually, I'd say too, every place that I'd been, including in the Sudan, I just—there were—the FSNs were just, always just really terrific. I thought that the ones in El Salvador were probably the most seasoned and smartest and most sophisticated in terms of our rules and regs and things. They were just excellent. And the Costa Ricans, the Costa Ricans were very much the same.

Towards the end, again, we got into a little bit of a debate which I was a part of. As we're closing out we had, I don't know, I think $350,000 all of a sudden that sort of popped up from Washington, and we again put together an agreement. USAID's counselor Dick McCall, who was a political appointee in the Clinton Administration, and who had known Óscar Arias quite well, and been involved in bringing the belligerents together in some initial conversations during the Salvadoran civil war in '83 or '84, said to us, "Why

don't you give that money to the Arias Foundation?" It was like, $300,000, $350,000, I can't—maybe it was half a million. It *was* half a million, I recall. I had to sign off on this, which was drafted by my senior FSN, Rosie Murillo. So, that was a little bit of extra dollars that we had at the end, and we ultimately signed up those funds with the Arias Foundation for their financial corpus, for their financing and operation.

Q: For the foundation. This was after he had left government, right?

KRANSTOVER: After he had left government, right.

Q: And that was for democracy promotion?

KRANSTOVER: I think we couched it in terms of not only, yeah, peacemaking, democracy, dialogue. Well, there was a line—about doing studies, if you will, polls regarding issues in Costa Rican society and things like this and general operating expenses.

But being a grant as opposed to a contract, you negotiate it, you sign it up, and the character of the grant is such that, there you go, it's yours. Follow this. We'll call you next year. Somebody will go out periodically and look at operations. And the grantee must do an annual report. And so, that was—and it was one of those executive political decisions that somebody like McCall, who had been up on the Hill for many years, was quite willing to make. And not a bad thing. And not a bad project. Not a bad thing to establish.

Q: Good. And then, you didn't mention health and education much today, but that's probably because they had a steady system that they had developed over the years.

KRANSTOVER: Right. Not a lot to do in that regard, Robin. Those sectors just didn't demand that type of attention from a development point of view. In Costa Rica, as in Honduras, we did have a scholarship program for study in the U.S. But the opportunity costs of getting involved in those sectors was too high. We had one educational—

Q: They weren't needed as much, really.

KRANSTOVER: It wasn't a big thing; it wasn't a big issue. I remember being up in the mountains in some of these villages in Costa Rica and just taking a look around and there were water systems up there, and schools for instance, that still had the AID logo from the early sixties that were still functioning. And then it said—or it'd say Alliance for Progress/USAID and stuff like this. AID did that stuff in the early, mid-sixties, certainly.

Q: In my second tour there, I saw how complicated it is to deal with the bureaucracy. I used to say that they really were the masters of tying themselves up in bureaucracy. Did you see that as well?

KRANSTOVER: Yes, yeah. There was a fellow, I don't know if you remember him, Louis Guinot, who was our Ambassador to Costa Rica. Robert Homme served, as you remember, for a while as Charge, then Guinot came in. There was a bit of a gap there regarding an Ambassador.

I remember being in a senior staff meeting with Guinot holding forth, and he was mad as hell over the fact that he had been charged taxes on grocery purchases or something—we weren't supposed to be charged taxes on any purchases, and we had a particular sales tax exemption card as part of the diplomatic community, a card from the Ministry of Economy or Foreign Affairs, and I can't remember what—. And I said, "Yeah, I was in the market the other day, buying something and I got nailed for these taxes," and before I could finish my sentence, he was complaining about the Costa Ricans not following through on a tax-exempt agreement with us. And he asked me, "What did you say? Did you go after them?" I said, no, I didn't make a scene, except to remind them of what is essentially a treaty. Clearly the local shopkeepers were not privy to the arrangement. And he just—he used that moment to go off agenda a little bit during the senior staff meeting to talk about the Costa Ricans.

Q: But in any case, they did do a lot of innovations over time. For example, they joined the World Trade Organization earlier than most Latin countries.

KRANSTOVER: Yes. Before he became President, Miguel Angel Rodriguez described Costa Rica as "*La Sociedad Intervenida*." I think it was the title of a book he wrote; meaning there was a public rule or law for everyone and everything, even the ten specialty tomato growers in the country. Really.

I think for you and I and everybody, I don't care what background you're from in the States, we're all sort of blessed or cursed by the protestant ethic. And you get into these situations, and you've got to get something done, you've got a timeframe, and it's just different in a lot of other countries. Frankly, I think that's one reason why a lot of our fellow citizens, upon retiring, go there or to similar places. They want to be able to embrace a type of different pace. But when you're trying to do policy reform or something like this it can be absolutely maddening.

Q: One thing I found in Costa Rica, and I'd be interested in knowing if you found this, is that—so Arias had gone out of office, and so, from the PLN they had gone to a PUSC government.

KRANSTOVER: PUSC, right. Rafael Calderon of the PUSC, takes over as President in 1990, ultimately getting tarred with corruption charges years later.

Q: In many countries in those years, including Honduras, the electorate liked to have alternative governments that gave them a sense of nobody was going to get too powerful. I also felt that officials from different sides of the political aisle didn't know each other very well. Did you find that the politicians and the bureaucracy were very divided that way?

KRANSTOVER: Yes. And you know, and so almost as if one party was waiting for the other to leave so that they could come in and basically do their own thing. Not unlike our politics in that regard. But this lack of continuity and lessons learned and things like this, it was full stop, bang, and then this new group comes in with a year for the new people to get their feet on the ground.

And that abrupt change is reflective of the fact that you don't have—so you don't have this grouping, this, for lack of a better term, this deep bench of career people, for the most part, who are functioning all the time through various administrations. I mean a career service that's relatively established and experienced over a long period of time. There are individuals in those governments who remain there. There was a locally famous guy, Bu Giron, in Honduras who was there all the time on the budget stuff in finance, who was a very fine interlocutor. But you don't have that depth or continuity in a broad sense very much. Yeah, I don't know why. I know what you're talking about, but I'm not entirely sure what to attribute it to other than the fact—that deeply established, well-funded public institutions are rare; a lack of a sense of professionalization in the public service.

Q: Well, I think the United States is getting more like that. Maybe Democrats and Republicans don't know each other anymore.

KRANSTOVER: I'm thinking the same thing, and to our detriment, certainly to our detriment.

I should say that when we were doing this public sector reform stuff in San José, it was a big deal, and we hired an advisor who had actually worked in Washington for a while at the IDB, a Costa Rican economist, a woman by the name of Sylvia Saborio, who was in my section, and she was our interlocutor - a capable bicultural, bilingual Costa Rican who was close to Arias, actually. She had served as a deputy in one of the cabinets during his administration. And she was very helpful, but—and this was reflective, too, you will recall, of the Washington Consensus element now. If you go way back to the late 50s, early 60s—you get import substitution industrialization (ISI) wherein you get big capital projects with high tariffs as a development strategy. Then we move into the New Directions legislation in 1973, post-Vietnam and then you start with an emphasis on the role of the private sector in development in the Reagan Administration.

Then you get—then you come back to the Washington Consensus stuff, which is just sort of orthodox, neo-orthodox sort of classical economics, export-oriented growth. All of these policy frameworks, including the public sector reform efforts, countered the ISI philosophy which most of Africa, Latin America and Asia engaged in for decades, without much success in terms of broad and consistent growth.

Q: Get your macroeconomics right?

KRANSTOVER: Yeah, get your macroeconomics right. And then we in the developed world will talk to you. And then things will go well. Which meant diminishing your

public sector. And Silvia was our regular point person on this. I lost touch with her after we left in ’94, and she stayed around for a while in Costa Rica. I saw her on a talk show, just fortuitously, several years later when we were in Washington, and she said the Washington Consensus framework was not the right thing, at least for Costa Rica. We didn’t do what we had set out to, and we didn’t do it well. More importantly she said that it wasn’t the right thing to do from a theoretical or practical standpoint because it really diminished our (the Costa Ricans’) ability to take care of our people, from a public sector standpoint. And so she left government. She left the Costa Rican government.

She said she didn’t want to be involved in this policy. Another woman, a contemporary of hers who was a Minister and also close to Arias named Rebecca Grynspan, and who eventually went on to work for the UN, said the same thing. I heard her speak at the Woodrow Wilson Center in 2001 or 2002 and she said the Costa Rican economy had suffered in the 1990s, and because of that, Costa Rica was basically back to where they were in the late seventies, early eighties in terms of per capita income. Their “Lost Decade” began in the 1980s and continued into the early 1990s.

Q: In 1990 or 1991, I remember meeting with the new minister of finance—he was only minister for nine months. I was in his office, and he said, “My life is horrible. Every day I get this stack of bills and I have to decide which small number of them I can—I need to pay.” Because by defaulting they had caused all kinds of cash flow problems, or by expanding it.

KRANSTOVER: Yeah. And wrecked their credit standing.

Q: They got some debt relief but after they did it again. They made a mistake trying to get strikes calmed down among the public sector workers and enacted a law that gave the workers automatic increases every year, and so they were now broke again because they had put this all in place and they couldn’t get the political will to cut it back.

KRANSTOVER: Yeah, yeah. In that regard it’s one big family, of course, there in Costa Rica. I mean, everybody’s—they’re all—and as you know, they’re quite rightly nationalistic and proud, and they’ve got a certain swagger, not a bad thing. But it is a huge thing, a huge break for any country to make after doing things in one way, shape or form for fifty or sixty years.

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Q: Good afternoon. It’s February 16, 2022. Peter, what was the year that you finished up in Costa Rica?

KRANSTOVER: Right. So, ’94, after being there for five years. And as I think I said, at one point an interesting and wonderful tour, although five years in a Mission that was ultimately downsizing (which I was engaged in), certainly, in order to give that soft landing to some of these FSNs who had been with us for many, many years, that was important.

I was certainly ready to move on. And again, my old colleague and boss, Carl Leonard, had left beforehand, around the time of the peace accords being signed in El Salvador in ’92 after that awful war. And really going on, since ’79 to ‘92, although, like with Guatemala and the other Central American insurgencies, you can track it back and start it, really, in the sixties, from my standpoint.

So, Carl left and probably late ’93, I think, I got a call from him, and he said, “What are you going to do this summer?” And I hemmed and hawed a bit, and he said, “We’ve got an opening here for somebody for this program and project section and we’ve got a bit of a transition,” which would have occurred in late ’94 there in the mission. So, I said, “Great,” and it would keep us in an area where Anne and I and the children as they grew were all quite comfortable, culturally and linguistically. And of course, El Salvador still had a real portfolio, even in ’94, with much focus on reconstruction and reconciliation.

In ’92, with the signing of the peace accords a lot of money was sent, of course, for reconstruction, and not only reconstruction, but also to continue pushing an emphasis on the private sector, and an export-led growth model. The maquilas were coming in, established by the South Koreans and the Japanese for textiles. The textile industry really was shifting and providing at least regular employment for people who hadn’t had anything like that, no wage employment or anything like that, certainly. So, that was quite a big element of the private sector operation there. The Clinton Administration was on board with this policy but the basis for it came out of the George H.W. Bush’s administration. And certainly, the Reagan Administration.

Nonetheless, the Salvadoran entrepreneurial class and private sector group, this tight, intermarried, quite sophisticated, I always thought, and capable sector, were able to get some things moving. I don’t know that the revenues and the benefits of all of that, which is always the big bug-a-bear in this stuff, found their way throughout Salvadoran society, which is what needed to happen, certainly, in order to bring the warring factions, and they were warring factions, together.

So, we get there in the summer of ’94, and we were in temporary housing per usual for a while. It was still dicey. You and I have been to a lot of violent countries, but Guatemala and Colombia, where I traveled to on a number of occasions, El Salvador, Pakistan many years later, were all sort of—are of a piece in that it’s unpredictable and quite messy and reflective ultimately of these great disparities, social and economic between certain sectors of society. And there were still a couple settling of scores and things that one would read about or hear about in the mission amongst various groups. So, the policy was to reach out to everybody and to make—and to bring these sectors together through some type of cooperative mechanism, development projects, grants to all kinds of groupings.

I mentioned that my Peace Corps acquaintance who had ultimately joined the FMLN in El Salvador had started a think tank there, in San Salvador, with a couple of his leftist buddies. They were doing human rights monitoring and they were doing some journalism, some advocacy journalism stuff. They were also working with some of the

poorer residents of some of the slums there in the capital. And so, even though within the mission, amongst a couple of my Salvadoran professional colleagues, there wasn't any real great enthusiasm for the policy to bring people together, I contacted him.

Q: This was coming from Washington and—?

KRANSTOVER: This was coming from Washington. This is what our appropriations said.

So now, you have former guerrillas who are members of congress and who have become relatively high-profile public figures who are advocating—still with their agenda regarding land reform, land redistribution, higher taxes and public institution strengthening and reform of the judiciary and things like this. I was able to get about $300,000 to these guys. It took me about a year-and-a-half or two working on that—to have that one—a small grant to support these guys. But we did that in a number of different instances, for right-wing groups as well as left-wing groups, again, with the goal of ensuring that everybody's talking to each other. El Salvador is the size of Massachusetts; it's got six million people. On a good day you can drive across the place, east to west. North to south certainly is relatively easy; east to west you do that in about seven or eight hours if the traffic isn't bad around San Salvador.

As Salvador Samayoa said to a number of us— One time, I actually ran into him in the grocery store one day, he was one of the leaders of the five factions that made up the FMLN. I think he was FPL, Fuerzas Populares de Liberacion. Well, Samayoa, who eventually went on to have, at least when I was there and a few years beyond, a relatively interesting career, second career as a radio commentator and publicist. He said to us, "Look. Everybody on either side of this conflict, at least at the leadership level, knew each other. And we had gone to school together and we had done this, and we had done that. This helped us get to the Peace Accords." And he said, "And besides," he says, "What have we got here in El Salvador? We've got people and we've got rocks." And he said something to the effect that "We need to be sitting at the same table and talking about bringing peace to this place and seeing if we might be able to actually make things work around here." And of course, decades before, when things were reflective of the old colonial sort of mercantilist economy that was functioning there, growth was good, before the soccer war between El Salvador and Honduras in '69, and light manufacturing got a little bit of a toehold in El Salvador, and things were okay.

But the huge disparity in resources and income ultimately led to this organic, I believe, insurgency. James Dunkerley, the British writer talks about this a lot, the issue of a lack of decent humanitarian living conditions for everyone which then becomes a political issue. And the Salvadoran Congress wasn't functioning in such a way as to allow reforms to happen. In the seventies a land reform bill had made its way, at least partially through the legislature, but was ultimately quashed as reflecting "communist influence." So, by '79, everything blows up, literally, and you've got this low-level insurgency essentially going on until 1992.

Q: At what point was Duarte was tortured and went to the United States?

KRANSTOVER: So, he won the election in ’72, if I’m not mistaken. He was prevented from taking office by the right and the military and had to flee to Venezuela. He came back in ’74, was arrested and returned to Venezuela.

Q: Oh.

KRANSTOVER: He was a member of the Salvadoran Christian Democrats. There was a Christian Democratic sector in Venezuela for some time. Duarte had gone to Notre Dame. And was certainly an ally of the United States and was one of these few guys that represented and was still a member of the Christian Democratic Party. They received money in previous years from the Konrad Adenauer Foundation out of Germany. And they did represent a center left ethos and policy position regarding politics and economic growth.

Q: And he came back, right?

KRANSTOVER: So, then he comes back after being in exile for a while. And he comes in and in—so you have a coup in ’79 with some relatively young and progressive leaning military officers who saw the handwriting on the wall. Don’t forget, ’79, July ’79, the Sandinistas had marched into Managua.

And we gave the Nicaraguans about $75 million in ESF money in ’80 in Nicaragua through AID. Larry Harrison, who was the USAID Director in Managua and Sidney Weintraub, who was an economist and a deputy assistant secretary of state in Western Hemisphere made this happen. They’re in their car one day—this is in Shirly Christian’s book *Nicaragua - Revolution in the Family*—they’re coming away from a meeting, it’s early 1980, and Weintraub looks at Harrison or Harrison looks at Weintraub and one of them says, “What do you think? Seventy-five million?” And the other says something to the effect that, “….. this is the amount I was thinking of..” And that’s ESF money, that security money that you can put—it was basically put in there to keep the body and soul of public and private sector institutions and the government functioning until everybody could get an assessment, determine what in god’s name was going to happen in Managua.

So, of course, at the same time these left leaning, younger Salvadoran military officers come in in ’79, seeking to staunch what’s already been an outbreak of internecine violence and some really nasty stuff, death squads starting to come to the fore a bit, not unlike what was going on in ’79 and ’80 in Guatemala. So, all of that transpires and Duarte runs again in ’84 and wins. Previous to this, he had been foreign minister for the left-leaning military junta which came to power in 1979 through a coup. There were congressional elections in 1982 from which Duarte’s party gained some 24 seats in Congress, but power is held by Alvaro Magana, the head of Congress.

Q: So, this is long before you got there?

KRANSTOVER: So, this is long before I got there, right. But I was always keeping my hand on it because it was just of interest to me, and I had a couple of friends who would keep me apprised of things in Latin America. And of course, I'm eventually back in the area in Honduras in 1984.

Duarte's in office until '89. During this time he becomes ill with cancer and dies in '89. Then you had ARENA (National Republican Alliance) formed in the early—late seventies, early eighties by the really, really, right-wing guys, D'Aubuisson, in particular, Roberto D'Aubuisson and a number of military officers, extremely right-wing guys, funded by some old school right-wing Salvadorans. D'Aubuisson never holds public office but holds fiercely to the right ideological flank as leader of ARENA. After Duarte, Cristiani was elected in 1989 and sought some dialogue. He's a sophisticated, outward looking guy who sort of, I thought, kind of got it, and was president during the assassination of the Jesuits—in what was November of 1989. Anne and I were in Costa Rica, when the five Jesuits and the woman housekeeper and her daughter were killed at the UCA, the Universidad CentroAmericana, the Jesuit institution, by the Salvadoran Armed Forces.

Q: Right.

KRANSTOVER: And there's an apocryphal anecdote, there were a few of course. But Cristiani supposedly called Oscar Arias after the assassinations asking for some advice on what to do next. Not sure what the rest of the conversation was like but—. The Reagan Administration took a wait and see position - there was a fellow by the name of Curtin Winsor, who had been ambassador in Costa Rica, a Republican political appointee who, I remember, got on PBS and said, "Well, I think it could at least be the FMLN that did this, but we'll have to see." Well, of course, the army did it, and indeed, when I got there in July-August of '89, within a month or two I called the UCA. I just wanted to do this. As you probably appreciated, Robin, I have this old Jesuit connection.

So, I called the UCA, and I got in touch with the acting Jesuit rector there, a fellow who had come down from the States to serve on an interim basis, by the name of Charlie Beirne. He was there on an interim basis because Ellacuría, the Jesuit who had been head of the UCA, had been killed. And they really hadn't structured the place, gotten it back on its footing. But he spent two hours with me, and he walked me all around the UCA—and he recreated this assassination, laying it out in detail in very matter of fact tones. A chilling event in its purposefulness.

Reflecting this whole connected atmosphere of everybody knowing everybody else in El Salvador, he said that the sergeant in charge of the platoon of five or six guys who did the killing, had actually had one of these priests as a teacher when he was in his early adolescence. But they presumably were "following orders," and did what they had to do. Afterwards, among other things, the Institute of Human Rights at the UCA becomes even more important, and the UCA continues to be, as it had been in—as it was in Managua, frankly, and a couple of other places in Latin America, this left leaning grouping of academics and religious who kept their finger on the pulse of things.

I found that the UCA was an important observer of the country. So, I would go there maybe once every three or four months just to have a cup of coffee with some of these guys, just because they had connections to both the right and the left. And I found that it was just a politic thing to do. At least for me, I wanted to understand what was—what the atmospherics were, and it helped to be able to be apprised of various things, certainly.

Q: Okay. So, you arrived in '94 and the peace accord had occurred. The FMLN had mostly laid their arms down.

KRANSTOVER: Yes, yes.

Q: So, what was the landscape in '94? Was everybody just trying to rebuild the country?

KRANSTOVER: Yeah, a little tension, I thought, always, and crime was starting to tick up. I mean, just street crime. You had people coming back, you had displaced people that were moving back to various places from where they had come. I mean, the refugee camps that had been in Colomoncagua in Honduras and there was another one there too, Mesa Grande I think, had been emptied out by the time I got to El Salvador.

I thought that the atmosphere was one of hope and optimism. For me, it's one thing to seek to do economic development in a country like Pakistan with 220 million people and a third of the size of the United States. And then in another one in a place the size of Massachusetts with six million people. I think one factor we don't consider much is manageability. Just your—the space you're working in, right? And El Salvador was certainly a place in which you could do things. And you could go out on a field trip in a day and be back. And you could see things.

One huge element that we were doing there was just reconstruction. We did everything from roads and bridges to talking to them about letting their exchange rate float, for instance, and talked to them about fiscal and monetary policy. Mental health counseling was even offered to ex-combatants.

Juan Belt, who I mentioned earlier, was there and was leading the charge on fiscal and monetary policy. There was even a $160 million project, which only in our unguarded moments would we refer to as a slush fund, but that's essentially what it was, and it was all quite legal, of course, and reflective of appropriations. That money was used to respond to various interests or needs or policy themes that the government or we, or ideally both of us, were interested in pursuing, like a study on monetary policy, like a study about infrastructure along the Honduran border, like a study taking a look at some of the ports and fixing them up, like environmental policy, like fixing up infrastructure around some of their small national parks and things like this. And of course, we also had a project for housing reconstruction to make sure that people were properly housed.

A lot of the fighting was in the north and around Usulután in the eastern part of the country. The eastern part of the country, as you probably know, was, of the two halves of

the country, the much poorer of the country's two halves and the one that had the less productive land. They had some of the old cotton and sugarcane fincas that had been broken up through land reforms that we had pushed in the eighties, recognizing that land ownership was that old constraint to economic growth.

So, we did a number of things in that particular part of the country under the rubric of reconstruction and getting people back on their feet. I can't remember now if it was us or World Bank that fixed the bridge over the main river, the Lempa, that had been blown up. And the whole electricity grid basically had to be rebuilt. There were teams for this within USAID, a reconstruction section. There was a fellow who I had worked with, a Honduran American, son of missionaries, by the name of Tom Hawk. His job was basically to, along with a team of engineers, to go around and fix—put up electrical poles and things like this as the FMLN had blown them up. The FMLN would go around and blow them up throughout the countryside and Hawk and his team would say, well, we've got to fix that. And they kept the grid going like that.

So, we even went up to a place—I remember Dr. Tully Cornick, who was in our ag section, and Carl and I, along with Amb. Alan Flanigan, who was the ambassador there at the time, going to a rather infamous place in Morazán, as I recall, called Mozote.

Mozote is a tiny village that the army walked into in late 1981. They just wiped everybody out over a period of two or three days. One woman survived and was able to testify a few years later about it. It's really quite a remarkable story. Alma Guillermoprieto and a journalist named Ray Bonner, both of whom were working for the *New York Times* at the time, in late 1980, early 1981, came in through Honduras to see the place. The war is raging. They'd heard rumors that Mozote had been wiped out, but nobody could get in there. Bonner and Guillermoprieto managed to sneak in and they exposed the massacre, and it came out in the *New York Times* magazine, and indeed, this is what had happened. And the Salvadoran army did it.

There were hearings. Secretary Haig was up on the Hill saying don't know, probably not, we don't think so, FMLN may have done it. And then Amb. Hinton, who was ambassador at that time, sent somebody to Mozote. A fellow, a young officer whom I met very briefly years later when he came through S/CRS, Todd Greentree, was a second or third rung political officer, gets sent there to check the reports, to find out what's going on.

The war was going on full bore in the early eighties. He gets within a few miles of Mozote, and the sun is setting, he's by himself, other than an embassy driver. And it's not a particularly good place to be at the time. So, he turns around and he comes back and they write a cable, send it to Washington, saying that the Embassy is just unsure. Maybe it happened, but we were unable to get in. Well, Haig, Secretary Haig says to the committee, congressional committee looking at that, "We didn't find any evidence of that, of the massacre having occurred." Hinton, to his credit, goes back with another cable, a short, classified piece and says in effect, just for the record, want to make sure that you understand our position here in El Salvador. Due to security concerns, we were

unable to get an officer up there to assess this situation. Understand that we can't make a judgment about whether, indeed, this happened or not; providing a much-needed nuance and reaction to what essentially was the Secretary's testimony there in front of Congress.

So, not to dwell on this too much, but it's really quite a story—Mark Danner has a book on this—the guy who was in charge of the battalion which killed all of these people in Mozote was a Salvadoran colonel by the name of Monterrosa; who did this, who was in charge of this group that killed these people, some 800 people.

And Greentree eventually gets there afterwards, he's able to get there a couple months later, take a look. Well, he goes up there in one helicopter, Monterrosa goes up there in another helicopter. They meet, they go wander around there. Well, the FMLN had put a bomb in one of the helicopters, and so the FMLN's up in the hills and they're watching these two helicopters. At the end of their visit to Mozote, Greentree gets into one of the helicopters and it starts to take off. The FMLN guy who has a detonator pushes it, as Greentree's helicopter takes off. Nothing happens and he safely makes it back to San Salvador. Monterrosa, shortly thereafter, gets into his helicopter and the guy with the detonator figures, well, it must be in there, that's the one with the bomb. Hits the detonator, blows up Monterrosa and his group, and of course, everybody's killed, and that was the FMLN's answer to the army taking out that village.

So, Carl and I and Tully Cornick and Ambassador Flanigan get up there and we talk to the people, look around. It's just a mess. So, we did some reconstruction up there, even, you know, but it was—if you've been in those situations—you know, I mean, the atmosphere lingered. It was a dark place, one with a heavy atmosphere I thought.

Q: But it was what, ten, fifteen years later from the event?

KRANSTOVER: Well, so, this would have been, well, I'll tell you, our visit occurred in, yes, right, '95, about 14 years after the 1980 massacre. So this is what you do. You go in and you try to fix things, seek reconciliation, I guess.

Q: So, basically this is like a Bosnia situation—

KRANSTOVER: Yeah.

Q: —you're going back to a place where the parties have reason to be angry at each other and bitter and try to work on it.

KRANSTOVER: Yes. Certainly bitter and cynical.

Q: I once heard a speaker who said that El Salvador was the only place where the peace agreement occurred after tragic events perpetuated by the army, but there was no accountability. Even in places like Uruguay where they said to the military, you leave power, we won't prosecute you, somehow, they do. Somehow there is some accountability.

KRANSTOVER: Right.

Q: And this particular scholar, a U.S. scholar, said that she felt El Salvador never had that and that for that reason the country remained unstable for years after.

KRANSTOVER: Yes. Although, there was a Truth Commission which did their work in 1992 and 1993. But essentially, their recommendations, like prosecuting Army officers and fundamentally reforming the judiciary did not happen. The government rejected the report's recommendations.

Q: Does that resonate for you?

KRANSTOVER: Well, it does. And I think the same thing can be said about Guatemala. In '96, when the peace accords were signed and then a year or so later, a Truth Commission report is published, laying the blame for the vast majority of extrajudicial killings at the feet of the Guatemalan military; in 1998 it came out, and its chief author, Archbishop Gerardi is killed by the military two or three days later. In May of 1999, a referendum was held to reform the judiciary and congress, expand social security and reform the military. All four issues were rejected by the voters, although turnout was just under 19%.

We funded some reconciliation activities after the war in Guatemala. We had Creative Associates, which has experience in insecure environments, do exhumations in and around El Quiche in Guatemala. In September of 2003, while I was Director of Central American and Mexican affairs in USAID/Washington I flew to Guatemala and then drove with Amb. John Hamilton and the Guatemala USAID director, Debbie Kennedy, to El Quiche where we spent the day witnessing some of these exhumations outside of town. Before that, we all sat in a gymnasium in the center of town for an hour or so and listened to dozens of women relate their stories of government atrocities during the war. Just women. There were few men around. It was heartrending. Amb. Hamilton sat there through it all, offering what he could in terms of remarks. That was a tough task, to chance an understatement.

El Salvador didn't have that—certainly never enjoyed a type of open period—as difficult as it might have been, ultimately, I think the healing part of that might have been beneficial over the long run.

Q: You laid out a really good context, so let's go to the work. So, you had a healthy budget?

KRANSTOVER: Yes, we had a healthy budget, had a couple of hundred million dollars in that '94 appropriation. Now, it continues but USAID is looking to Eastern Europe and suddenly things are difficult in Washington. And I may have mentioned Senator Helms, who was really putting a lot of pressure on Administrator Brian Atwood at the time to do some reforms and things.

Nonetheless, we were one of the biggest USAID Missions in the Western Hemisphere and much of this was directed towards private sector development, reconstruction, some agricultural research, and certainly the establishment and the continued cultivation, of shrimp farms along the coast for export, helping to establish maquilas, and doing some preliminary negotiations for what eventually became the CAFTA regional free trade agreement. We were engaged in policy dialogue about setting up regulatory and institutional frameworks so that you were able to—so that your trade, your export-led growth model could get some traction.

Interestingly, you did have primary healthcare in country. Again, sort of our bread-and-butter stuff that—but because of this insurgency, this awful war of thirteen or fourteen years, this too was put on hold.

Towns had been destroyed, schools had been wiped out. I remember being in Morazán, in this town in Morazán way up there in guerrilla territory in the north, and there was a primary school there and it had—the Salvadoran planes would come over and they'd actually—they would use their wing-based machine guns to shoot up this primary school. I guess the guerillas may have been using it. Or not.

I remember, the tile on the school patio had these big gouges in it from these projectiles hitting. And there was a huge bomb crater right in the center of town, it was just right in the center of town. If you didn't know any better, you would have thought it was an old construction site or something, because it was a bit overgrown at that point, but it was actually a 300-pound bomb that had been dropped there.

So, that—reconstruction of your schooling. Oh, and municipal development writ large. That was a $150 million operation, if I'm not mistaken, that went on for quite some time, helping mayors to get back—. Even buying furniture and supplies for municipal offices and reconstructing some of these places that had been destroyed along with health clinics.

Q: So, I've interviewed a couple of ambassadors who worked on the economic side of Afghanistan assistance and there they had, of course, incredible needs, but they were doing it in a war. So, here—so to some extent your project had some good conditions, right? There were needs, there was money, and there was peace, enough peace to actually make headway.

KRANSTOVER: Yeah. Right, I think that's an important observation, and yes, despite certainly some bitterness as you can only imagine, and not unreasonably so, yes. At least people were talking to each other. And as I say, the left had a particular grouping of "partidarios" or supporters also. I mean, you had, as I say, you had those five factions, all of which had been brought together, you may recall, when they—it was '79 or '80 when they were in Havana, representatives of all five of these groups. I mean, you had the Maoists, you had the urban intellectuals, you had the Moscow-aligned group, and you had the—there were two others there—

Q: The rural ones. I heard a story about how the rural faction was full of young men who had never seen indoor plumbing.

KRANSTOVER: Yeah, and the FPL, the eternal revolution guys, fans of Mao.

Q: I think most Americans didn't realize that there were so many factions in the FMLN.

KRANSTOVER: Yes, yeah. That old historical bugaboo regarding the left, you know. As in Spain, during their Civil War. The Spanish left, fighting Franco, can't get together. The anarchists in Spain aren't talking to the Moscow-aligned Spanish communists in the 1930s and things fall apart for the left. The Maoist aligned FPL in El Salvador believe that an eternal revolution should prevail, providing a constant ideological renewal, somewhat Trotskyite, pushing back on the more cautious urban based leftists, and all of this stuff, all of this ideological theory that just prevents unity. So, Castro brings them together. Castro tells the five factions that they have to unite together or they're going to blow it, they will be defeated.

Q: That's back in '79.

KRANSTOVER: So, that's '79, '80, and indeed, they follow his advice. So, when you talk about the FMLN, that's a grouping that essentially reflects those five particular tendencies.

Q: So, how do you feel about the work the mission did on the various goals and to the extent it did work, what advice do you give to AID folks that might be working on similar situations now?

KRANSTOVER: I'm convinced that we do our best work when we're able to function at the local level and where we're able to engage with people on issues of health and education and safety, thereby providing some type of predictability and allowing your public and private institutions to function without fear. That's an old saw, and it's not a particularly original observation.

Still, development economics says talk to and engage the locals, focus at the local level and allow things to happen organically. Invariably, well, perhaps not invariably, but a lot of times you get Congress asking after they give you the money, two years later, what have you accomplished lately? That was Helms' favorite.

You're under pressure to push the money out, to make things happen, so sign stuff up, and you often don't have the luxury of taking the long view. At the same time, if you've got a good grouping of people, policy wonks, in your mission who can—who have good relations with your host country government and you can connect them with U.S. policy makers and U.S. entrepreneurs and get this export-led growth stuff going and fix up everything from your primary healthcare stuff to your tax regime, I think you're in pretty good shape.

But in the mid-1990s, things started getting cut. So, my advice would be—it's good work. It's noble stuff and your job, even as an FS-4, AID Foreign Service officer, is to make sense out of legislation and put it within a framework of the area and the people with whom you're working so that it reflects and drives towards an improvement in somebody's living situation, in somebody's economic situation, in somebody's education and health situation. Salvador was a—is, I think, of the Central American countries rather unique in that it was the most densely populated place other than Haiti in the Western Hemisphere. For an agrarian society with a significant agrarian element, this is a large negative.

You had a relatively large diaspora, certainly, in the States, of Salvadorans who had started to leave in the early seventies. A number of them came up to help build the Metro in DC, actually, in the early seventies. And then—and you didn't have a lot of social mobility ever in the country. Tensions arise and all of a sudden, you've got this war going on. Families begin to leave in the early seventies, with young children who never actually get U.S. citizenship. Children taken to Los Angeles and San Francisco and Texas and places like this who never became U.S. citizens but who learned colloquial English and then when they got into trouble in their teens were sent back to El Salvador and served—

Q: These are the children of?

KRANSTOVER: Of exiles, of migrants. People who were fleeing in the seventies, fleeing the violence in El Salvador. And so, you get MS 13 and Mara Salvatrucha, and all these really nasty, violent street gangs that became much more violent once they came back to San Salvador.

Ambassador Anne Patterson took over from Ambassador Flanigan and she was terrific, I thought, because she was one of these State Department public servants who sort of looked around and with the number of agencies she had there at the embassy, thought, well, John Doe over here is good on this, or Carl Leonard is good on this, so-and-so in the political section, right?

And so, she would ask people for input, irrespective of what cone they were in or agency, if she felt they had a particular expertise. There was a Salvadoran American guy who I think was with DOJ (United States Department of Justice) and who had actually gone after some of the Salvador "pandilleros," guys who had fled to El Salvador after committing a crime in the States, mainly Virginia. And he got a number of them sent back to the U.S. for prosecution. He left then and that program or that element certainly diminished a bit. But one of many things she did.

Q: Calle 18 (speaks Spanish) is what we know as M-18, right?

KRANSTOVER: Right, right, eighteen, yes, right, Eighteenth Street. And there is also MS-13.

One thing she just went to the top about, I understand, I may be a little poetic here, but she discovered that a DOJ flight with Salvadorans from the States had landed at the Salvadoran airport. And she gets a call from the Salvadoran government saying something to the effect that, hey, some, fifty or sixty Salvadoran kids, teenagers, young adults, have just been deported from your country. And we didn't know anything about it. We had no idea that this was going to happen. We don't know who these people are or what they're doing. They're Salvadoran citizens, but they certainly don't talk like Salvadorans. We've got a problem here. And we're angry because you haven't, your government, the USG hasn't coordinated with us.

Well, I understand she got through to Washington – the DEA (Drug Enforcement Administration) perhaps, and DOJ and Customs and INS (Immigration and Naturalization Service) at that time – and made her point that they were not talking to State in DC, certainly not telling the embassy in San Salvador that this was happening. Well, a few of these flights came in. And then, in any case, she got her point across. Coordination began, but I don't believe that those flights necessarily stopped either.

Q: We had these flights for years and still have them deporting people to Mexico, but over time, of course, DHS (Department of Homeland Security) was formed after 2001 and over time there's been a lot more coordination and conversation, even, about where they're going to come into and things like that.

But just to get back to my question, how successful did you feel you were in achieving what you all were trying to achieve?

KRANSTOVER: I thought we did a good job. I thought that we made some—I use this word advisedly—there were some categorical shifts, I thought, in the social sector certainly, things started to improve. Money, remittances are a big deal in El Salvador. It's a relatively significant part of their GNP, maybe four to five to six percent a year in remittances from the U.S. and other places. That cash was coming in and that certainly helped in getting—in helping demand and getting things moving in that regard. And then with our money—and the IDB was there. The IDB had some big projects. And things were moving pretty well. And I just—I feel—I think we made a dent there.

This issue of the kids, though, and the population growth rate and stuff, it's like plowing the sea, Bolivar said, I think, you're just pushing all the time. You're just—and because of that and your densely populated networks there, these are daily problems that, for me, just require constant, ten-to-twenty-year attention spans with lots of money and lots of policy work to get things on an even playing field. And, if I haven't said it before, we had Jesse Helms, wanting to wipe us out, and people in Washington were looking towards Eastern Europe.

Latin America was not, as oftentimes happens, a priority. Once again. We can deal with Latin America in some regard as we wish, because of this accident of geography, it's a lot easier. Culturally they're closer to us, right. So, they're sort of like us, relatively speaking. But we connect with Latin America episodically. And all of a sudden, we're

looking towards Europe once again and our attention shifts. And of course, trade agreements are getting signed now. Or at least, we're moving in that direction.

Q: Now, did you have any major natural disasters while you were there?

KRANSTOVER: No. There was one in '86, if I remember correctly.

Q: An earthquake?

KRANSTOVER: Earthquake, right, and then in early 2001, if I remember right, there was another one.

Q: Right. While I was in Honduras there was—we actually had a few people—we had a few embassy people in Honduras who were at the beach in Salvador and the embassy in Salvador went and contacted them and helped them get back.

KRANSTOVER: Yes.

Q: But I think many of us when we're in Washington we live in Virginia and Maryland and DC, and there are a lot of Salvadoran and Honduran migrants here who ended up during these natural disasters tended to get protection from our government. TPS, or Temporary Protective Status.

KRANSTOVER: Right, temporary—TPS, right, Temporary Protective Status.

Q: TPS, exactly. So, I believe the Salvadorans started coming to the States in '85, after that. I don't know if it was called TPS but they were allowed to stay. By 2002 it was a major cohort of people that had been living in the US, at least in my area in Virginia.

KRANSTOVER: And, yes, and in Annandale, right?

Q: Well, I think they were all over.

KRANSTOVER: Yeah.

Q: But the reason I say that is at the time Honduras had TPS because of Hurricane Mitch.

KRANSTOVER: Hurricane Mitch, yeah.

Q: Happened in '98.

KRANSTOVER: Ninety-eight, that's right.

Q: I got there in 2001. And they said that Hondurans often didn't—you couldn't really reach them because they would go up to the US and they would say they were Salvadoran

because the Salvadorans had TPS for years. (Laughs) Anyway, that was the urban myth. I don't know how true that was.

KRANSTOVER: Interesting. Oh, that's interesting.

Q: Okay. Well, is there anything else to discuss? You were there for four years?

KRANSTOVER: We were there '94 to '98. And so, by this time we've been out of the country for—since January of '82 until July, August of '98.

Q: Had you adopted more children yet?

KRANSTOVER: No, we left it at three with our Steph in April of '88, when all hell's breaking loose in Honduras. So, now Steph is ten or eleven, Andrew's thirteen, I guess, Mike is fifteen or sixteen when we come, and had gone through a year, I guess he did one year of high school in El Salvador.

Q: I wanted to ask you one or two more questions about the work in Salvador. So, you alluded to this, but I had one interviewee from AID who said that he was taught early on that to have success you had to really master the procurement system.

KRANSTOVER: Oh, yes.

Q: And you alluded to this, that you had $150 million which you were able to use more flexibly than other monies. And you also said that you often have the most success when you can work locally.

KRANSTOVER: Yeah.

Q: Were you able—in this time period, were you all able to work mostly with local people and not have to give the money to the "beltway bandits", the US based consulting and contracting firms and NGOs? No offense intended to these very competent groups.

KRANSTOVER: I can't give—I can't give you numbers on that, but certainly our portfolio was pretty evenly split. We had, certainly, a few beltway bandits in there. But what you can do, and this is where this boring, bureaucratic work becomes so essential as far as I'm concerned, is that you can put this money together, and let's say a $100 million or a $200 million package for a five, six-year period, and then you can describe it and frame it as such wherein you can break that money up.

You can make grants or agreements over the years, using some for central government support, some, maybe $40 million for small grants over a period of years to both international and local NGOs, civil society groups. And then you've got some other money that you might need for procuring materials or vehicles. You want to help a savings and loan cooperative get back on its feet or provide a computer system for them as well as providing training and general support. And so, you could do that and have,

admittedly, perhaps, a complicated implementation instrument there, but nonetheless, you could have a number of local organizations that were being funded directly from the mission. And then, you might have some big, some heavy hitting US contractor of, I don't know, three to five expats who were—well, and indeed, we had that for a bit, of economic policy advisors who dealt with the private sector as well as worked with the ministry of finance on tax and monetary policy.

Q: But they were often Latin Americans because of the language, right?

KRANSTOVER: Well, yes, sure, right. Some of course. And all the better to my mind if they were. Right.

Q: So, you felt like you had the procurement or the contracting capabilities to do things—

KRANSTOVER: Yes. And we had two or three people when I got there, Foreign Service—AID Foreign Service officers who had a lot of experience in the procurement ranks. And we always, in those larger missions we've always got one if not two lawyers, too, Foreign Service AID officer lawyers and who know the appropriations legislation, know those public laws and stuff like this. We had a very experienced lawyer named Michael Williams who was excellent. They always have to clear off on any agreements. And then, so your contracts, procurement guys and your legal types, if you've got hardworking, imaginative officers in those areas, have some relatively creative procurement officers fortunately who, if you want to deal, can usually find a way to implement something. If it's reasonable, I always found that you could probably do it. Just document it. Don't get cute, don't try and be—get around anything, just have—be transparent about it.

Q: And in terms of measuring the outcomes, did you have any of this aid effectiveness or measures that you were using at that time or is that not quite the timeframe for that?

KRANSTOVER: We certainly had lots of studies and assessments before and after projects. We did have an evaluation group in house, but it wasn't all that salient. Any project agreement or grant had an evaluation section describing mid-term and final assessments that had to be done. And I don't know that—I think—I'd have to look at some other stuff that came out maybe in the early aughts, after I got back to Washington. But I think places like El Salvador, for me, I mentioned Paul Collier talking about this assistance the other day about—two interviews ago about being a holding action. Well, you're essentially giving breathing space to your host country population and officials in order to be able to make some things happen as you support them.

I think that's what we did after—certainly beginning in '92 and into the next decade. El Salvador's kind of a special country in many regards. Despite its tiny size, it had—they and Central America in general—punches above their weight in terms of the attention they sometimes get from us. They're close to us; they look to us. We've got this ambivalent relationship with them and certainly with Latin America all the time, but—and we're somewhat dismissive of them. George Kennan talked about this decades

ago—he was an Atlanticist, of course—and he said something to the effect that, "When we're dealing with Latin America, we ought to approach it with respect to having them come to us. Let's let them get their act together. And then, when they're ready, we'll deal with them. But unless and until they can get it together, we can pay attention to other things." And of course, a bit of a snob. A Milwaukee product, interestingly enough. The implication was, of course, we have the Soviet Union to deal with. Strategically, at that time, he was right. How could I contradict Mr. Kennan?

Q: All right. So, you came back to Washington and what was your position?

KRANSTOVER: I'm jockeying for a good position and sweating a bit, not having lived or worked in the U.S. for all that time. And the children had—we had been up here every summer, coming back here to Wisconsin. But we bought a place in Annandale. Off King Richard Drive. And then—and got the kids into Woodson High School. They all graduated from Woodson High School. Two of them went to—Robert Frost is where Andrew went for his eighth grade, I think, and then Steph went to another school right there in the area, an elementary school the name of which escapes me at the moment. And so, I'm there for two or three weeks getting the—we drove out here from Wisconsin with a U-Haul and two cars and the kids. We had bought the house back in May of that year, 1998. Anne and I had gone up for three days and laid things out. And so, I walked into the Ronald Reagan building in early August—as Deputy of the South American and Mexican office—it was called LAC/SAM, in the LAC Bureau. Started right away as the deputy in South American Affairs, South American and Mexican Affairs.

Q: In the Ronald Reagan Building?

KRANSTOVER: In the Ronald Reagan Building with AID, right. AID had moved out of the State Department building during the, late in the Clinton Administration. There was a famous political appointee by the name of Larry Byrne, who was Atwood's management guru, and who insisted that we maintain our ideological purity and get away from all of those political guys over in the State Department, and do our own thing because economic development is, indeed, a discipline. And it is. And we didn't wish to be tainted by all those political considerations on a daily basis at State. Imagine.

And so, that's where we went. And of course, that was being—that was a new building, new construction, and really, if you've been there, it's a beautiful structure—well, and Customs and Border Protection is there, and the Woodrow Wilson Center is there too and EPA.

Q: Right.

KRANSTOVER: Lovely place, really. At 14th and Pennsylvania. Wonderful location.

Q: And so, you got assigned to work on South America?

KRANSTOVER: So, South American and Mexican Affairs, mainly South American stuff. Mexico was sort of moving along on its own. We've had a program there for years and years and years. Although it was at $5 to $8 million dollars a year, nobody paid much attention to it. And most of it was a lot of population funding, actually.

Q: I also got back to Washington in 1999 and became the Venezuela desk officer. My colleagues working on Colombia, it was Alex Lee and a couple of other people who were working on developing Plan Colombia during the late 90s.

KRANSTOVER: That was the big thing. I was going to bring it up. Colombia was the first thing on my agenda. July, August 1998 I'm back in the States. I walked into the office in August of '98. Colombian President Pastrana wins the election that month of August, and of course, as I quickly discovered that week, Pastrana was planning a trip to the U.S. for October that year and wants to go to the White House. Well, I hadn't been to Colombia before, but was very much interested in it—I'm not entirely sure why, but it just struck me, given its history and the Bogotazo in the late forties and the violence there, as well as the fact that it was the major coca producing area in the world, it struck me as one of these interesting places that had a sophisticated group of people, a Gabriel García Márquez and this terribly interesting 20th century history.

I discovered the first week I'm there, Tom Cornell, who I had known years ago, was director of the section and he had been mission director, I think in Budapest for a bit and then come back, although he had served in most of the USAID bureaus by this time. Really astute, I thought, very fine guy. He wouldn't mind me describing him as a little quirky on occasion, but a very fine tactical, insightful policy guy and tactician. And of course, in the front office you had Mark Schneider, who was a Clinton political appointee, as Assistant Administrator of the Latin American Bureau. And lo and behold, who was his deputy, but a guy named Carl Leonard.

And so, Carl had been there, I don't know, two years, perhaps, before me. And now, of course, I've been with the federal government for sixteen, seventeen years, and as you know, AID's a relatively small group of officers. So, I knew a number of people in the Bureau, certainly by this time. Norma Parker who had been in Peru and George Wachtenheim who had been in Honduras with me in the eighties as a deputy and a deputy in Egypt also, and in Peru - another Peace Corps volunteer in the sixties and Carl Cira was another fellow. But—and Carl Cira was in Bogota. He was a one-man show, basically, in Bogota at the time because we had cut back so much in the 1990s.

So, Pastrana comes up in October of '98, and we're being apprised of the fact that the FARC (Fuerzas Armadas Revolucionarias de Colombia— Revolutionary Armed Forces of Colombia and the Ejército del Pueblo/The People's Army) is moving towards Bogotá and being commanded by Marulanda or Tirofijo, both nom de guerres for Pedro Antonio Marín. Pastrana is worried of course.

There was also the ELN [National Liberation Army], more urban based and smaller, initially run by Camilo Torres, in '65 and '66, who was a priest and was killed in 1966.

Marulanda comes from a peasant background. As a teenager, he goes into the bush in the mid-fifties, after his village is attacked by conservative forces during what they called in Colombia "La Violencia."

Security forces come into his area, kill a whole bunch of people. Part of the story of his radicalization is that his town sought government assistance regarding a land dispute. What his town got was a government armed force which attacked the peasants. Well, they go into the bush and the rest is history. And so, come '98, they're about thirty-five, forty miles south of Bogotá, and they've got some 12,000 guys country-wide, which is twice as much as they had five years before. So, Pastrana, who not unreasonably wants to make his mark and has four years to do so, comes to Washington and gets to the White House and, just to cut to the chase, this issue of what eventually comes to be called Plan Colombia, begins to coalesce.

An interagency group is formed and there's meetings on occasion, initially chaired by Ambassador James Dobbins at the National Security Council and that brings together a number of actors including Treasury, the Intel community, DOD, State, and USAID —I sat in on a couple of those early sessions. USAID's Bogota office in the Embassy was one very capable foreign service officer, Carl Cira, and a number of contractors and FSNs at the time.

Commerce was there. USDA. And no money had been appropriated, of course, in late '98. And Pastrana is about to visit. So, this is September, October, and these meetings are being held. And Dobbins asks everybody—oh, PRM (Bureau of Population, Refugees and Migration) was there, the Population, Refugees and Migration group, for State along with WHA. And he said, "I want another meeting next week and I want everybody who's sitting here at this table coming in and telling us exactly what you're going to be able to put up in terms of money in order to respond to President Pastrana's concerns."

Dobbins says this. And so, he instructs people to go back and reprogram money. Do a memo or two and get it to Bureau management along with talking points justifying its need. We could not expect Congress to appropriate anything new in a period of a couple of weeks. The next time we're meeting, Dobbins goes around the table and everybody was able to at least—if they weren't able to say we're going to put in this much money over this period of time, they were at least able to say we have some early commitments from our executive group and my boss says we're going to be able to provide funds for the displaced, for reconstruction, etc.

Well, Dobbins gets to PRM, and their rep says, essentially, we don't have any funds. Well, Dobbins just took off and he went at him, saying, "I don't understand. Were you here last week? Oh, you were. Well, did you not hear what it was that I was saying? Is there something wrong? Do you need me to call your Bureau head? I need to be able to have some commitments here. I can't believe you're sitting at this table without anything new to tell me regarding a state visit that we're having a few weeks from now in mid to late October." Dobbins channeling of course the pressure he's feeling that presumably the White House was putting on him at that time. The White House wanted to be able to say

to Pastrana, don't worry, we're going to help you out. I thought Dobbin's ire was understandable.

The Pentagon guys were there. They had more money than anybody, of course, but they were talking about training, police training, as well as army training. And the army training, the security training, of course, bumped up against the Leahy amendment all the time. INL (Bureau of International Narcotics and Law Enforcement Affairs) had to do vetting of trainees before supporting them with taxpayer funds. If you're going to do any of that stuff with security forces, you ought to know to whom you were giving money and training. And the political section, as you know, in the embassy then would take a look at the people nominated for training someplace in the U.S.

Q: And speaking of the embassy by this time, Anne Patterson was in Colombia, right?

KRANSTOVER: So, right, so Anne Patterson goes to Colombia, although in late 1998, early 1999 our Ambassador was a very fine old school officer named Curtis W. Kammen, who besides serving in Chile and Bolivia also spent time in the Soviet Union.

So, within, I don't know, within a month or two of me being in Washington, I'm sent to Bogota. And as I say, Carl Cira was there with a fine but very small staff of Colombians who were holding things together. USAID had a tiny population program there. We had put a lot of money into the judicial sector in 1993 and 1994 as the constitution was changed and the judicial sector was reformed while Gaviria was President. The Colombians needed help at that time to assist with democratic, electoral and legislative reforms. And that was just one big package in '93, '94, if I'm not mistaken. After that, USAID essentially moved—and shifted out because it was so dangerous. At this point Gaviria is president in Colombia, and he's become beholden to the U.S. because he agrees to begin extraditions of some cocaine traffickers, like Pablo Escobar. And that's when we were going after Escobar in the early 1990s. Amb. Morris Busby was there then.

The point is that AID isn't doing anything like primary healthcare or infrastructure or education or anything like this; it's all urban-based, heavy duty policy dialogue, money going in, ESF funds, to the government in order to maintain some type of functioning operations, in the judicial sector in particular, while some of these really bad actors—Carlos Lehder, if I'm not mistaken, was around then too—were wreaking havoc. And by this time Escobar isn't just shipping cocaine out, but he's talking about overthrowing the government. He has a bit of a following as he had donated a lot of money to some of the slum areas of Medellin.

And I think he was actually elected to the assembly for two years as an alternate in 1982 before his criminal connections were exposed and he resigned. But, fast forward from '93 to '98, '99, there's really no functioning, for lack of a better term, economic development portfolio there other than a small chunk of ESF money that's directed toward maintaining some type of stability, emphasizing the judicial sector.

So, Kammen leaves. And Anne Patterson then comes in from El Salvador and takes things over. We had Carl Cira there, who ultimately was just inundated. I mean, congressional types begin to pour in there in late ’98 and early ’99, wanting—and you know what things are like—and you just had an explosion of attention and Washington visitors to the place to try to determine what was happening and whether Pastrana was going to be able to function decently, whether we could support him, why we needed to support him. What about all of this—and they were the biggest producers, Colombia was, at the time, if not currently, of coca, in various places throughout the whole country.

Q: So, you mentioned that you were sent down. That was just a fact-finding mission or—?

KRANSTOVER: Just a fact-finding mission, although I was an extra pair of hands for Carl and happy to be so for a couple of weeks. Somebody probably—somebody said, Mark Schneider or somebody said, you know, we’ve got to get educated on Colombia—because we didn’t know much about it. People who had been there and served in Colombia in the seventies, eighties, nineties weren’t around anymore. Sort of like Syria or Libya or places like that, where all of a sudden—Afghanistan for that matter, where we find ourselves, not having been there for a long time, wondering exactly what’s going on, and unable to confidently respond to Congressional or other inquiries.

We had some very fine Latin Americanists, nonetheless, in our bureau, Cira being one of them, Carl Leonard being one. Schneider had been a Peace Corps volunteer in the sixties in El Salvador for that matter. And I was an extra set of hands for Carl for a while as he really had no—he had no sort of deputy, U.S. deputy type that he could rely on. He had a couple of smart contractors and local staff. But he eventually left in what I think was ’99, late ’99, maybe early 2000 because of health reasons, because he was just—and he said—I remember he came up, and he went in to see Mark Schneider later that day and resigned. Not because he didn’t feel that it was a terribly interesting assignment and everything else, but his health was quite literally beginning to suffer.

Q: So, I wasn’t involved, but there was a whole lot of work being done to design—

KRANSTOVER: Unbelievable. It was an unbelievable—

Q: —to design a package for the Hill to look at.

KRANSTOVER: Right, right.

Q: And so, you were one of the key people working on that for AID?

KRANSTOVER: I like to say so. And I have a—we have a number—it’s one of those things that a lot of people take credit for. Tom Cornell and Ross Wherry and I certainly in USAID. But this, again, was a real interagency effort. Romero, I’ve heard him on his podcast, “The Diplomat” that recounts this time.

I mean, he was—and Jim Mack. Jim Mack was very much involved in this. And I got—I didn't know very much about INL before going up to Washington, but that—they were big players because they were the "interdiction" guys. They were the spray guys. And as I discovered, the spraying was sort of a Vatican-declared policy. You didn't question why we were spraying coca with herbicides down there in the south. And so, INL, of course, had their particular appropriation. They're International Narcotics and Law Enforcement, and you had guys like Phil Chicola and Bill Brownfield and—

Q: Phil Chicola was the office director for Andean Affairs.

KRANSTOVER: Chicola was your office director guy, right, in WHA, not INL. You will recall he made a secret trip to Costa Rica to meet with the FARC in the summer of 1999 I believe. That leaked to the press and Phil was hammered by Congress for meeting with a "terrorist organization." Probably prevented him from getting many more promotions.

Q: Uh-huh. And he had come out of Salvador, along with Peter Romero. Pete had just come back from Ecuador.

KRANSTOVER: Ecuador. Where he had been Ambassador.

Q: So, he'd had some South America experience.

KRANSTOVER: Correct. Right. He had been ambassador in Ecuador, and so he was running things in WHA. And yes, his office was one of the first places I remember going to with Cornell, and Chicola was sitting there. And Alex Lee came in a little bit later in 1999 perhaps. Before Alex, I want to say Harry—I'm sorry, I've forgotten his name. but in any case, a number of people who were—everybody was scrambling that first year. And we were scrambling because INL, Pentagon, DEA were in many of these meetings and trying to move, as Dobbins had directed everybody to do at that NSC meeting in the fall of '98, to bring resources together, knowing full well that Congress was going to take its time in putting together an appropriation package. That ultimately happened in 2000, as—I mean a piece of legislation, if you will, that Clinton ultimately signed. Pastrana asked for $3.5 billion initially and I believe got most of it, but over a longer period. The Clinton administration started out with $1.7 billion initially. The World Bank and the IMF eventually put in significant amounts also.

I think Pastrana probably wanted a different balance – more "soft-side" funds and less military efforts and training. Still, other donors also contributed during this time, and it can be argued that he received what he wanted from them regarding the more "socially" oriented types of projects.

Q: So, was it clear that for AID the main work would be alternative development? How did that come about?

KRANSTOVER: Well, yeah. I thought alternative development, or AD, was an unfortunate rubric, but it's one that you may know comes from the late seventies, early

eighties when the war on drugs was in full flower and AID had been directed by Congress to go after coca fields in Bolivia and Peru; when "crop substitution" became a misnomer. Alternative development came into usage to indicate a more inclusive developmental approach.

So, alternative development could take the form of a large regional development project in areas that were isolated and poor and happened to be coca producing areas. A regional development project would be one in which you go in and set up infrastructure, with roads, communications, schools and health clinics, what came to be known as "soft-side" activities, distinguishing them from interdiction and military and police training. A rough division regarding initial funds for Plan Colombia is some 70% for interdiction and "hard side" activities and 30% for "soft-side" activities, including human rights, support to the displaced and judicial reform.

In Colombia's case, these types of activities in the mid and late nineties concentrated on aerial spraying. INL [The State Department's Bureau of International Narcotics and Law Enforcement Affairs] was very keen on this, and the Colombians agreed to it in the mid, late 1990s. INL received additional appropriated funds under Plan Colombia which supported what were known as "spray packages," as you may remember. A spray package was a certain number of spray planes and usually a helicopter or two for cover. Approaching drugs as a matter of "demand-side" attention was not on the radar.

The money not only went for purchasing Blackhawks or at least some type of helicopter for that element of Plan Colombia, but it also went towards such things as security training, all of which had implications, as I alluded to earlier, regarding the Leahy amendment wherein Colombian military and police personnel needed to be "vetted" by the Embassy,

Ultimately this huge package, "soft side" and "hard side" activities, is put together in a piece of legislation, reflecting inter-agency work on a strategic plan, of which twenty to 25 percent is to be managed by USAID. And what are we responsible for? Well, we're responsible for the alternative development side, support for the displaced, judicial reform, even some policy dialogue regarding financial reform later. And we had a—we shifted a consulting group into there, named Chemonics. You know Chemonics. And they've been functioning for a long time and doing this with AID funding over the decades, frankly, and continue to this day, around the world. They'd done fine work in many places but were not performing in southern Colombia. Well, in this case it just wasn't functioning, it wasn't working for that first year or two. We couldn't get resources into these places.

The department of Putumayo, for instance. We thought we could work in Putumayo. Well, that was a mistake. It was too isolated. We weren't getting people and resources in there fast enough. There were vestiges of a palm hearts processing operation that was apparently a rather sad looking thing that the U.N. had started years before that just had absolutely nothing going for it.

I remember Jim Mack just ripping me up in a meeting one time in front of about twenty people—my friend and colleague Ross Wherry was with me—and Mack was so annoyed because we hadn't—we were supposed to bring in resources, like everything from chickens for the peasants to agricultural implements and stuff like this into this isolated and dangerous area in southern Colombia. And it wasn't happening.

I walked out of that meeting later, and I said to Ross, "Have you ever seen the Tweety Bird cartoon where the cat's always trying to get Tweety Bird. The bulldog comes around and he beats the daylights out of the cat and the cat goes stumbling off? I feel like that cat. I feel like that cat right now, just having—." (Laughs). Mack should have been going after my many higher-ups, but like a lot of my State friends, he was unfamiliar with the USAID structure.

If I was feeling petty, I'd just point the finger at Chemonics, you know, and say, "Well, they're not functioning." Feeling a bit more imaginative after coming back from one of these meetings, I finally said to Tom Cornell, this is awful. Nothing's happening. We've got to do something different, right? What we ultimately did, after Jim Mack ripped me up, not unreasonably, was to call in someone to do an assessment for us in that dangerous area.

And so, we looked to an old friend of mine, a contractor who had made a name for himself many years before doing similar "assessments," named Bob Gersony - I just talked to him the other day. Bob went down there by himself. Bob's Colombia work is written up in one of Kaplan's chapters in his book. This is a long and complicated and very interesting story.

Gersony comes back to the bureau, just shortly after I had moved over to Central American Affairs in 2001, and says, "Yeah. This institutional beltway bandit stuff is not working. We have to do something different. Oh, and by the way, leave Putumayo alone. Let's hit places that we can get to that are still big coca operations, but where there's a benchmark, if you will, or a certain level of population that we can affect."

If you look at the map, Putumayo is along the Northern Ecuadorian border. I've just been close to it, into Meta Department on its north, about ten years later when I was with S/CRS (Secretary's Office for Conflict Resolution and Stabilization). And a bit after that, while working in northern Ecuador along the border for S/CRS, we crossed into Putumayo very briefly.

The whole region south of the town of Villavicencio—it's just vast lowlands. And frankly, it's not particularly good coca growing soil, either. But that's where we had started. So, Gersony comes in and he switches the narrative. He's able to basically turn the narrative a bit and AID redirects the portfolio and starts making some headway. We're pushing against, however, not only publicity in the U.S. media about spraying poor peasants' crops and in some instances, we did, but also a larger question of why we were there in the first place. We did set up a compensation fund, in order to address the problem of crop damage. And, even as we are starting these programs, our involvement

there, concern was expressed amongst some members of the interagency about the USG getting involved in another Vietnam.

We're getting pushback from the left because we're involved in these activities to begin with and because we, the USG, were ignoring the depredations of the AUC, (Auto-Defensas Unidas de Colombia/United Self-Defense Forces of Columbia), the right-wing paramilitary group formed in Colombia in the late sixties to protect large landowners. They were indeed quite bloodthirsty and violent in terms of taking territory and engaging in peasant massacres. Eventually the USG categorized them as a terrorist organization, like the FARC.

Added to this was the fact that the Colombian army did not inspire a lot of confidence in terms of their operations. Ultimately some of their units would be found guilty of engaging in "false positives," whereby the Army would return after an operation and say, well, yeah, we killed sixty FARC guys, when in fact they got four and the rest were peasants.

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Q: Good afternoon. It is February 23, 2022, and we're continuing our fascinating conversation with Peter Kranstover.

And Peter, we started talking some about your time as the deputy director of the Office of South American Affairs, and I think we started on the development of Plan Colombia. So, the thing about Plan Colombia was that it was counternarcotics. We really wanted to do counterinsurgency but we weren't able to sell it to Congress at first. And then we knew we should be doing alternative development or economic development, but we often had a hard time getting much of the budget donated and that would have been AID's niche, I believe.

KRANSTOVER: Right. And certainly getting it in a timely manner since we had essentially, after—in '91 the Colombians ratified a new constitution and it was after that time that we put in a lot of money in order to help restructure the judicial sector, anticipating and pushing, of course, Gaviria at that time, who was President, to get onboard with extraditing a number of cocaine producers and dealers, not the least of which, of course, was Escobar.

But, because of what you alluded to earlier, Robin, about the counterinsurgency efforts of Plan Colombia—Congress essentially felt and the human rights groups felt, not unreasonably, that the police and the Colombian military were such that we could be engaging in risky behavior if we got in the same room with them and said, here's some training and support and have at it - with respect to the cocaine producers as well as the insurgents in the FARC and the ELN. The PLP, I think, was still there too. They were workers in the banana sector up near the Panamanian border, another Marxist group, which actually came in from the cold, if you will, and signed a separate peace agreement with the Colombian government.

Q: Okay. You described in great detail about this meeting where different organizations in State and related to State were supposed to come in and bring some contributions. At that time, they were also developing legislation for additional money. And this problem of endemic delays in the federal budget process leading to getting the money even as late as August 31 and then Congress asking why you didn't have results by September 30, this was a logical conundrum that went on most of my time working on these issues.

KRANSTOVER: It's part of our cycle, isn't it?

Q: But what I think would be really useful is to describe how the development and the evolution of the economic side of Plan Colombia happened during the time that you were working on it. Not only what we spent money on, when we spent money on it, but also where. I think you have some stories to tell me about Putumayo as well.

KRANSTOVER: Right, right. So, as I think I mentioned in our last interview, we had—we cobbled together a bit of a portfolio then with old money and we had this agreement with Chemonics, which had a presence in the country and had done some stuff in southern Colombia, around Putumayo. And then we expanded that to pushing on Chemonics to open it up to helping the small farmers and to getting them into this alternative development activity by bringing in chickens and things like this. It never worked but reflected some of the things that we had done with varying degrees of success in Bolivia and Peru, the other two big coca-producing places.

In the eighties and the nineties alternative development—we used to call it, in the seventies, when Congress moved to engage in this, crop substitution. But ultimately—the developmentalists, the economists amongst the clerisy basically said, you know, look, it's a bigger thing than that, and here's what we need to do and see if we can influence the market a little bit for these small farmers.

So, cutting to the chase, efforts with Chemonics clearly were a bit of a bust. And that—so that begins to come to the fore in mid, late '99. Jim Mack excoriates us in a session, saying "What are you doing down there?" We have Carl Cira, our director down there, who was a one-man show and had no staff, who leaves basically because of health reasons. He also, as I think I told you, had to deal with an earthquake in the Armenia area that killed about 1,200 people in early 1999, as well as meet with this endless stream of private and public sector Americans coming down there, not only the press but also staffers and CODELs and human rights groups and people like this who basically wanted to see what it was that we were doing, what the embassy was doing, what they were expanding on.

Q: So, you only had a one-man show without staff. So this was kind of what I had seen in Mexico in the late eighties, just kind of—it was a very small presence. So, you were needing to gear up without any staff.

KRANSTOVER: Exactly, exactly. Get it done was sort of the message there, even though we hadn't—I mean, in the sixties, seventies and eighties we had relatively large programs in Colombia. And in the mid-1990s we went through this downsizing that Larry Byrne, who was a political appointee in AID, imposed on USAID along with a complicated management information system, reflecting, again, pressure from the Hill. It came to the point whereby we actually did a RIF (Reduction-in-Force) in '96, I believe, wherein something like 105 USAID career Foreign Service officers were let go. Brian Atwood was pressured into that, our director, but it seemed to assuage people on the Hill, particularly some of the Republicans. And so, all of a sudden Plan Colombia comes around and we're sitting there, asking ourselves, well, who can we get? And as with Libya and the Arab Spring in 2011, you started to look around, and all the people who knew about Colombia had either retired or left the agency.

Q: So, what did you do? You did end up developing the basis of a program.

KRANSTOVER: Yeah. I mean, I found this in my file late last week. I mean, here's something that we just put together in the front office with Tom Cornell and a couple of other people and Mark Schneider and Carl Leonard one day. I don't know if you can make this thing out, but here's our organogram for a brand-new AID Mission.

Q: So, going from one person or a few people to something with many sections, with all the sections that you would usually have in a big AID mission.

KRANSTOVER: Yes. And of course, so that needs to wend its way through the bureaucracy. It's ultimately chopped off by USAID management and State—after a number of meetings and an action memo it goes to the Hill. Personnel gets involved. And so, now we're starting to get people down there. Carl Cira retires around this time, George Wachtenheim comes in. He's down there for about two years. And all the time, of course, Washington, writ large, is watching this very closely. Karen DeYoung of the Washington Post comes by our offices and interviews Cornell. Bernie Aronson comes out with a piece in the *Washington Post* talking about the need to save Colombia. Pastrana came up in the spring of '99 again. He has a big reception with Luis Moreno, who was the Colombian ambassador at the time at the Colombian embassy. Luis ultimately goes off to become the head of the IDB (Inter-American Development Bank). Katharine Graham and a number of people showed up at the Pastrana reception, the Colombian foreign minister was there, of course, AID and State people and different notables were there. So, pressure begins to build to get something done.

George got down there in mid-late 1999. And he brings in a few people on "complement." And "alternative development," writ large, human rights activities—and vetting of people involved not only in the police and army, but also in the organizations that we were working with, starts to get some traction. We emphasized the judicial sector, human rights. We also focused on a huge group of people, and the numbers were always disputed, but—I recall at one point we were talking about three million displaced Colombians. By definition, "refugees" in their own country due to the violence, mainly, of the AUC, the right-wing militia group that has its roots way back in the sixties; these

paramilitary groups that large landowners had essentially brought together because they—the Colombian security sector was incapable, really, of functioning decently and providing them with protection.

So, we had a big program regarding humanitarian assistance to the displaced and getting that out. They were up in the northwest near the Panamanian border, they were over—around Santa Marta, they were down in—well, they were all over the country, basically. And so, that element of the program had to be defined so funds could be properly focused. So, displaced, judicial sector, human rights and AD (Alternative Development). And then, INL had put together their—what they call their spray packages with their own funds, which meant police training and standing up, essentially, an air wing for the Colombian government with U.S. contractors serving as pilots.

Q: So, and it was very spread out. In State's Andean Affairs office, I was watching our senior Colombia desk officer put together the legislative package for more money where they have to describe what—I guess not in great detail, but what AID's portion was going to be, so then would have come all these meetings to try to make sure that you knew how much money to ask for. I would say, working on this a little later, that maybe the money for the displaced was probably the easiest part of the project because it's clear you want to give food, services, housing.

KRANSTOVER: Right, right. I think that's right. And there was this unit, also, of the Colombian government, attached to the Presidency—through which, or with whom we spoke, in any case, called PLANTE. And the UN was also there. And the UN had done the surveys on numbers of displaced and a group of people already dealing with this problem.

Q: UNHCR (United Nations High Commissioner for Refugees) is—

KRANSTOVER: UNHCR, yes, you're right. Which has, as you well know, the writ for refugee affairs. So, the displaced provided a definitional sort of problem for them, at least initially, and we said well, we can help you out on this, but—let's see if we can collaborate on something. The displaced issue was just such a—was such a corrosive thing that was getting everybody's attention, not only in Colombia but also internationally. And the people who didn't want to see Colombia, Plan Colombia implemented or have USG involvement in Plan Colombia in any way agreed nonetheless that the displaced problem should be addressed. If the USG is going to get involved, this is what we should be doing.

Q: Did you get a particular contractor or how did you do it?

KRANSTOVER: As I recall, we got a number of NGOs, but we also had Pan Am Development Foundation out of the OAS (Organization of American States). We also just channeled money through the government and shifted money, if I'm not mistaken, over to some of those UN organizations. UNDP (United Nations Development Programme), I think, you know, UNHCR gets their money from PRM. In any case, they get—I thought a

couple of hundred million every year that comes right out of the appropriation in any case.

So, but that was a relatively high profile and certainly important element that got going relatively quickly. And it was one of those things, too, that everybody could support in some way—the displaced reflected, essentially, rural Colombian society and people who hadn't necessarily or weren't necessarily ideological in any way, shape or form. The left and the right agreed with this.

They had been pushed out by the FARC or the ELN, certainly the AUC, who saw any peasants as providing the sea in which the insurgent fish swim. Let's get rid of them and then we can basically take care of the—we can take care of the insurgents here; we can take care of the ELN and the FARC on our own terms. But there were some awful incidents and massacres and things like this that occurred previous to us fully engaging, as well as things that—as well as incidents that occurred while—as we started. And then, of course, our presence there and a little bit of pressure was such that we were able to—something like 360 police officers were taken off the payroll with some of our pressure and conditionality before we—Bad actors. They were vetted. Leahy was quite important—and Tim Rieser, I think, was quite focused on this.

Q: And Rieser was Senator Leahy's staffer who worked on this for the whole time to make sure that human rights was respected as much as possible.

KRANSTOVER: Exactly, exactly.

Q: So, it seemed to me you have security problems and maybe even reflective of what you have in the rest of other conflict areas where you're trying to do good stuff in the middle of the war. It had a security aspect, but it wasn't as overwhelming a problem. I would think the economic development in the middle of a war would be—would have been harder.

KRANSTOVER: Very tough. And so, once the—we began to shift gears a little bit—just as George Wachtenheim had moved on, May, June, July perhaps of 2001. And a fellow by the name of Ken Ellis, who had worked with Ambassador Anne Patterson in El Salvador came in now. You had Ambassador Curtis Kamen who left in 2000. Anne Patterson comes in a week or two later. And Ken Ellis then comes in as AID director after George, and he gives a whole new spin to the projects and —hello, Bob Gersony, brings Bob in, to do this assessment of things in the AD areas. Ken breaks our connection to PLANTE, the GOC counterpart agency we had been working with and gets Gersony to visit Colombia. Bob returns to Washington and says, "The projects aren't working at all and we shouldn't be working in this area for any number of reasons."

Q: In Putumayo?

KRANSTOVER: I'm sorry, in Putumayo, right, on alternative development in that area. First of all, the projects we are trying to do down there are not functioning, it's a bust.

We have to fix it. We get a friend and seasoned private consultant, Bob Gersony, to head off to Colombia for some time and make some recommendations on improving our AD approach. He returns and suggests that USAID moves into places like Nariño and Cauca—provinces where it's a little more populated and where there is some economic activity, where markets exist, where communication is better, and frankly, where you're able to accomplish a few more things simply because of the structures that you've got in place.

As you can imagine, this caused a little bit of a kerfuffle amongst a number of people, including our higher ups in AID. Gersony's briefings, which I was not privy to in late 2001, but about which he has told me, made it clear that the Pastrana administration was not going to follow through on eradication, neither on spraying the coca nor on voluntary eradication. The Colombians were saying by then that the alternative development strategy would not work. The Colombian government's agreements with local farmers in Putumayo, done by the GOC entity PLANTE, to voluntarily eradicate coca, were, to be frank, a bit of a subterfuge.

Well, Gersony comes back to Washington and he lays his findings out exhaustively in a dozen briefings with the interagency [community] in the fall of 2001, and it gets up to, certainly, the higher levels of the State Department and USAID—oh, and we get the inspector general down there too, USAID's inspector general. And the inspector general's report basically says no results are going to come from alternative development if we keep concentrating in this particular area. And so, the whole focus shifts in late, if I am not mistaken in late 2001. Gersony had been through there in the summer, fall of 2001. At this point, I had just moved over to be Director of Central American and Mexican Affairs.

To give you some of the back and forth during 2001, AID wrote to the Colombian Government around Christmas 2001, laying out frankly a few of its own conclusions from the Gersony report, saying, "……that under current conditions the alternate development (AD) programs in Putumayo are headed for failure. The Colombian government does not control the area in which they are being implemented. The level of violence associated with the trouble between the FARC and the AUC [right-wing militia group] to control Putumayo's drug trade and the protection of illicit drug production by these two groups make it almost impossible for the AD programs to succeed."

It goes on to say that it's not a good place, even agriculturally. "It seems, however, that the best options are those associated with cattle and crops like African palm and rubber but growing them on a scale sufficient to be profitable to farmers could have severely negative consequences for the department's ecology. The producer associations are weak and lack the necessary techniques to implement the projects. Alternative development per se doesn't eradicate illicit crops. Eradication should precede alternative development."

And that shift in our approach was quite a big deal because, of course, a number of people in different sections of the government had invested their time and reputation in some projects that just did not produce, and in pushing stuff to happen in those particular

areas. In fairness, there was tremendous pressure coming from the Hill early on and other quarters to produce results and quickly in Colombia. An upside to Gersony's report and the subsequent refinement of USAID's strategy was that we were able to do several different things in Colombia in a much more efficient way.

This was an important report. After the Pastrana administration left office, spraying went into high gear and produced dramatic results in some areas. In the meantime, our AID program strategy had shifted quite a bit and I understand that we had some real successes in various parts of Colombia with it. And as I say, the displaced persons program, the GOC (Government of Colombia) justice sector stuff, the human rights reporting, and frankly, cultivating several local as well as international NGOs for civil society activities all reflect important successes.

Q: Did we try to help with the protection of journalists?

KRANSTOVER: Yes, sorry, right, exactly, writers, you know, on the Colombian situation who had been certainly on the margins if not threatened in the past. So, you know, it was—but so, by this time I'm out of South American affairs. In the summer of '01, I had moved over to become Director of Central American and Mexican Affairs, and a seasoned and very competent fellow by the name of Olivier Carduner had taken over as head of South American Affairs.

Tom Cornell had retired and so you're getting—this is after three years of doing this stuff and being in and out of it.

Q: Right. But working on what the plan would be, right?

KRANSTOVER: Right, right. So, it had its stamp of approval by Clinton in the summer of 2000, an actual appropriation then coming in for what was 2001.

Q: And was there, on the alternative development side, were there any things that did work better in your opinion?

KRANSTOVER: Well, what we discovered, again, and we've talked about this in the past, is that local engagement, local control cannot be ignored. One of the huge criticisms about this, and the press picked up on this on a number of occasions, is that in 1999, 2000, herbicide was destroying some small peasant farms and their crops and things like this. And a number of looks at this indicated that it wasn't quite as bad as popular conversation or knowledge, as the press might indicate.

I remember inspecting one of these spray planes, sitting in one of the cockpits when I was there years later, with S/CRS, and Ambassador Herbst, head of S/CRS. If you've ever seen these, there's this almost lapidary sort of precision that you can get with these things and it's all computerized. You can use the plane's GPS and on a computer screen you can punch in your GPS coordinates, and you can lay out a quadrant of the area to be sprayed. The herbicide, as you fly over the targeted area, goes off just as you're hitting that area,

and then stops as you start to pull up or as you start to—as you get to the end of that particular section. So, that was a little revelatory for me. Of course, you don't want to be doing this during high winds.

The other thing I've mentioned is the compensation fund for farmers who we could determine had been affected by spraying. I'm not entirely sure how efficient that was, and it meant going down there, looking at this stuff.

Q: Compensation for?

KRANSTOVER: To compensate for supposedly ruined crops and things like this or dead animals or damage to their farms. But again, something that, as I recall, was used, certainly, and administered by the government, but didn't have all that—wasn't quite as large, in terms of damage from what I heard, as we had anticipated it might be.

Q: Okay.

KRANSTOVER: But this eradication did work, particularly up in the northeast there, around Cúcuta and places like this, where you had real local control and local engagement in this. And don't forget Colombia is spraying coca. Bolivia and Peru have said no, we're not spraying. We will do manual eradication, if anything. And indeed, if I recall, the Colombians up until—I think it was '96, maybe 97, did manual eradication and then agreed to spraying.

The Colombians were the only ones in the Andean region who had agreed to spraying at this time. It was always a controversial thing. There was a large sector of Colombian society that just didn't want to see this, for all kinds of reasons. The environmentalists, the human rights people, the small farmer advocates did not like it. And so, there was always a hammering away at this particular element, this spraying business, which INL took the heat for most of the time. Bill Brownfield was in there for quite some time. Rand Beers started out heading the Bureau.

Q: Right, exactly.

KRANSTOVER: And I think—

Q: And these are all your Colombian people or the head of INL?

KRANSTOVER: INL, right.

Q: So, we'll come back and see if there's anything else on Peru, Bolivia or other parts of your portfolio, but at the beginning of your time there or maybe before it, there was—the Colombian government, many thought foolishly, agreed to have like a ceasefire zone—

KRANSTOVER: Yes.

Q: —at the top of this bank—

KRANSTOVER: Yes. Yes.

Q: I think you had a—if you could describe, first of all what—

KRANSTOVER: An unofficial—yes, definitely an unofficial—

Q: If you could describe, first of all, what this whole "despeje" was, how long it went for, what its problematic results were, which is the FARC got stronger.

KRANSTOVER: Indeed, sure. They, the FARC, took advantage of it.

Q: And then, you had a very lovely passage that you showed me in an email from somebody describing what the kickoff ceremony for the despeje was like. I think it would be really nice if you could read that.

KRANSTOVER: Right, right. So, indeed, how could I forget the despeje business. So, Pastrana, seeking quickly, as all politicians do, to put his stamp on new policies of his administration as he comes in in 1998, says, well, look, we can talk with the FARC. And by the way, we'll give them a neutral zone or "despeje" as they call it in Spanish. A "clearing," literally. A particular section, most of which was in Meta and Caqueta provinces, which was an old FARC redoubt, and we'll allow—this is essentially an area whereby the FARC can hang out, essentially with impunity, and they can wander around there, and that is my gesture to getting you guys to peace talks, to us sitting down, to your government sitting with you and finding an end to this endless conflict. This was in October of 1998, just as Pastrana came into office.

A cable on the despeje came up during this time, and at about the same time a very spare email came up to a number of us in the Latin America bureau at AID from our director, Carl Cira, who was at the opening of the despeje with other U.S. and Colombian officials.

His note reflects the hope, not only on the part of we Americans, but certainly on the part of the Colombians that now things are going to move. We're going to actually be able to sit with these insurgents who have been absolutely intransigent for the past three decades. And he says that—fascinating—he just writes from the heart and sends this up.

It's just about a paragraph. He writes, and I am paraphrasing just a bit, "Twenty-five hundred AK-47-toting FARC guerrilleros and guerrilleras in new starched camouflage uniforms, the President, Pastrana, and his designated negotiators, 500 special invitees shuttled in on C-130s. The FARC and the police, the Colombia police, mingling easily on the streets. Gabriel Garcia Marquez mingling with everyone. Four hundred voracious international press, including Patricia Janiot of CNN en Español. A beautiful hot day under a nearly cloudless sky. Anti-imperialist speeches from the FARC. A great speech from Pastrana. Cordiality and "abrazos" all around. "Lechon tolimense" (*a big pig roast*

essentially– PK). In short, a very good start, despite Marulanda's, punking out." (*Marulanda, Tirofijo, who was supposed to show up, didn't. - PK*)

Q: Marulanda was the head of the FARC, right?

KRANSTOVER: Right. He was the head of the FARC. A couple of senior guys in AID were saying, yeah, this is going to really work out. We're so enthusiastic about this. And a couple of offices went so far as to gush, that this is the greatest thing that has happened to Colombia in fifty years. Well—

Q: What actually happened?

KRANSTOVER: Things did not work out in that way. Pastrana needed a grand gesture to begin his administration. Things were dire. But it went on. The despeje sort of took on a life of its own. The GOC extended its time frame. And the FARC, if not other groups, took advantage of that particular no-fire zone, and indeed, drug trafficking and all kinds of nefarious stuff went on in this area, which was about the size of Switzerland, if I remember correctly. So, you can imagine in this isolated place in southern Colombia, how this began to look. And ultimately, without any other gestures from the FARC, which continued to do things and to shoot people and to kidnap people, they were still dragooning people, kidnapping people, sequestering young people in order to—and bringing them into their ranks. They had policemen, government officials who, as you probably remember, were kept captive for years in various isolated places. And they didn't stop, despite feelers from the GOC. They continued their attacks on police and they continued their attacks on Colombian military elements.

Q: What I remember in State is people believing that the "despeje" was a gift to the FARC, and at least allowed them to get stronger again.

KRANSTOVER: Gave them some breathing room, right. And there was a time in there, too, where—well, there are all kinds of stories, as you appreciate. But it was sort of a rest and recuperation area. And at the time, it was even determined that—you remember Vladimiro Montesinos, who was Fujimori's—

Q: Hatchet man.

KRANSTOVER: Counselor, hatchet man, right, his "consejero," involved with the security forces and was connected to an arms shipment from Peru into Colombia around this time to the FARC. And so, it got to such an extent that—I guess Pastrana, well, Pastrana is term-limited and left office in '02. But so, Uribe comes in, gets elected in 2002, eventually changes the constitution, and does two terms. He does two terms and represents a turn to the right and a rather unvarnished and harder view towards the insurgency. Despite that, Plan Colombia, which was originally for four years, if I'm not mistaken, gets extended.

Q: Right.

KRANSTOVER: And it gets extended because of some of the accomplishments that clearly happened there based on Ellis taking a hard look at the program and making some executive decisions regarding the program's direction. Three seasoned AID officers came in, in succession, after Ken Ellis and continued to maintain good relations with the GOC and successfully implement this program portfolio. I can't recall if it is in this order, but Susan Reichle, who ultimately becomes AID Counselor, Mike Deal who served in our front office for a year or so, and later Liliana Ayalde who eventually becomes Ambassador to Paraguay and then Brazil all served as USAID Directors in Colombia. All very fine USAID Directors in Colombia before going on to greater things.

Q: In 2001, after you moved offices, we had 9/11.

KRANSTOVER: Yes.

Q: We had the war on terror. We now started to shift toward explicit counterinsurgency assistance for the Colombian government and probably saved Colombia because we were a little clearer about our goals.

KRANSTOVER: Right. So, projects could be rationalized in terms of counterinsurgency. The approach of a whole of government reaction to crises becomes a theme. The original appropriations language for Plan Colombia would not allow this.

And the approach was a little more aggressive. And the AUC ultimately, like the FARC and the ELN, gets labeled a terrorist organization. They had not, as had the FARC and the ELN, been so labeled. But with that it meant that essentially—so the gloves come off in that regard and U.S. assistance in all of its forms is able to go after both of those if not all three of those elements, the ELN, the FARC and the AUC as we continue to support alternative development. So, yes, it becomes a whole different approach and—although, again, debate arises about that. Are we really amongst people who are terrorists—South American commentators would say that the ELN and the FARC represented a desire for social justice because of great gaps in income from centuries ago, rooted poverty and things like this, and were not necessarily involved in terrorist activities, right?

Q: But the terrorist aspects and helped the move to a counterinsurgency goal in Plan Colombia.

KRANSTOVER: Yes, and it was—yes. And of course, so money for the police, which by the way, as I said earlier, over 300 of whom, while I was still working on this were let go and a number of things happened in the area of security reform. A couple of colonels who had been involved in some false positives, killing of some peasants and things like this, were let go. And it was pretty—it was hardball in many regards with respect to our policy there. Brownfield and Anne Patterson and people like this said to the government: if you're not going to do this stuff, we're not going to be able to maintain our presence here and we're certainly not going to be able to maintain our support of you guys.

Our support for Colombia through most of these activities, including spraying, continues until late 2015 when the Colombian legislature votes to stop it. We conceded in the spring of 2016, saying that Colombia's policy shift is the right of any sovereign nation to make.

Q: So, before we move on to the Mexico desk, were there other projects, other foci that you had while you were in charge of AID South America? I think what you described was something that was common knowledge in AID, that it's really the mission on the ground that develops the programs, right?

KRANSTOVER: And it's one of the reasons, as you will appreciate, that a lot of people stay overseas for so long because you actually have some authority and flexibility. Once your apportionments and your budget allowances are taken care of, and they get down to the mission level, the mission director, whether it's $10,000 or $100 million, has the authority to obligate, to sign that stuff up for the most part. Now, Washington can look at anything they want, and it's different according to each mission and place, but the authorities in the Foreign Assistance Act are such that those are delegated from the President down to the Mission Director. And so, not having anybody there, basically, in '98 or '99, no officers other than Carl Cira who could do what they call inherently governmental work, meant that an awful lot of things just weren't happening. And so that's why it had a slow start.

Q: Now, was the same going on in Peru and Bolivia. They also got Plan Colombia money, right?

KRANSTOVER: Well, starting with Ecuador. I remember Ecuador in, I think it was the first appropriation, got about $8 million for the northern border area, and that reflected what was a concern on the part of Congress that once things started to pick up in Plan Colombia there would be what they called "spillover."

Spillover meant anything from refugees pouring across the border from Colombia into Ecuador or insurgents, basically, moving in and wreaking havoc in northern Ecuador. I visited Ecuador twice, once in early 2000 and early 2001, to take a look at that area, along with a couple of other people, including, again, our guy, Bob Gersony, and Lynn Sheldon.

Our job there, again, was to essentially determine how that $8 million could be used in a decent way. And that was a neat little project because it unfolded, ultimately, in Sucumbíos, so over towards—with an Afro-Pacific group, and then in Lago Agrio. And if I'm not mistaken, Carchi. These are places hard against the Colombian border. So, we did infrastructure, some primary healthcare stuff, forestry conservation with the locals and things that we could do relatively easily, and that we knew about and that the Ecuadorans were certainly happy to have. Gwen Clare was the Ambassador there. And Stuart Symington was the head of the political section, who I had met in Honduras many years before. They were quite supportive in this regard. And as I said, the Ecuadorans were happy about it to say nothing of our USAID mission, directed by Bambi Arellano who would eventually run things in Iraq.

The Ecuadorans, as you probably know, were extremely sensitive about being accused of harboring any Colombian insurgents and at least from what we were able to determine there weren't any up there. What there were, were some refugees and those three communities that were sort of down on their luck. And in many regards, beholden to the oil companies up around Lago Agrio, and with not a lot of options. The FARC was right across the river, essentially, but there seemed to be this understanding in any case on the part of both countries that the Ecuadorans wouldn't bother with them and would leave them alone, certainly from a military standpoint, and the FARC was more than happy not to basically have a two-front confrontation, one with the Ecuadorans and the other with the GOC.

Q: They used it for rest and relaxation.

KRANSTOVER: Yes, I think so. And in that very isolated section just across the river from—for instance from Lago Agrio.

Q: This maybe was later, the U.S. did kill Raul Reyes in Ecuador, though, and that caused a lot of problems, right?

KRANSTOVER: Yeah. Raul Reyes in, right, in, yes, just across the river from Colombia, yeah, near Lago Agrio where that missile hit, right, in what was March of 2008. I was there with S/CRS (the conflict resolution office) at the time.

Q: He was killed in Ecuador. That was the scandal of it.

KRANSTOVER: Right. Along with some fifty other people in that FARC camp.

Q: And you were in-country?

KRANSTOVER: I just happened to be at a hotel in Bogota. I had another day or two there. It was during that visit that I made with Ambassador Herbst and others for S/CRS. I remember sitting in the hotel and having dinner and there was a television in the restaurant, and it had the local news on. And I remember thinking about some of that negotiation and talk about exactly that kind of kinetic action back in '03 and '04.

Q: All right. Is there anything else that you wanted to talk about because I know Colombia probably sucked all the air out of the room.

KRANSTOVER: It did, it did. I made it down to Paraguay, and was in Lima for a few days. John Hamilton was down there at the time and Roberta Jacobson, and there was a big INL anti narcotics conference that I was able to attend. Paraguay—

Q: I did an interview, an AID officer who worked on the alternative development program in Peru around that time. Sher Plunkett.

KRANSTOVER: Sher Plunkett. Dr. Sher Plunkett, of course, right, yes, yeah.

Q: Well, he described—he was vigorous in ensuring that the drug money, he called it, the alternative development program was only used for five regions, no money for anything in the capital or anything. But the crop stuff was just a small part. He focused on community centers and roads and small infrastructure and just building a workable community.

KRANSTOVER: Yeah.

Q: He was quite proud of it. But another complement to that was that I'm interviewing Ambassador Mike McKinley, who was Ambassador to Peru later.

KRANSTOVER: Oh, yes.

Q: He said, "That's the only place, this one valley in Peru, is the only place I ever saw alternative development actually work." (Laughs)

KRANSTOVER: Work, yeah. Comprehensive. And probably well managed. Yeah, interesting.

Q: So, it does seem to be an elusive goal.

KRANSTOVER: Well, right. You know, you can't create a market. It's supposed to come about organically, and if you go in there and say, "We're going to do this and things are going to be wonderful," and signals aren't connecting and your resources aren't being efficiently allocated, it's a little tough. It reminds me of the Soviets putting a tomato processing factory in northern Sudan in the early seventies and then bringing in the tomatoes from Bulgaria. (Both laugh)

I mean, if you want to put money into that stuff, you can do that as long as you want, but ultimately, it's just not going to fly, it's just not going to function. And so, nonetheless, I think if you have—if you've got some purchase and some local government and you've got some connections to the outside world and there's some type of demand for what has happened—what you're doing, then I think it has a bit of a chance. And I remember talking to some of these campesinos; nobody wants to be in a violent situation like this, an insecure, violent, unpredictable sort of situation. That is yet another element which drives behavior also. The huge discrepancies between being able to sell palm hearts and a couple of kilos of coca base are just so vast that for somebody making $800 a year, which was what, as I recall, some of the southern Colombian peasants were getting, is so profound and the temptation so great that it's just one of these things that you can't compete against. What you can do is provide—you can bring in institutions and security and social services and things like this, and that's what those efforts of ours were about.

One element not connected to this whole effort, except, very marginally, was an emphasis on demand reduction for drugs, or anything like a public education campaign to explain

the dangers of drug consumption. Ultimately, that, along with serious conversations about drug legalization, must be a part of this. Gen. Barry McCaffery, who was Clinton's Director of drug policy at ONDCP, said a few weeks after leaving his position as George W. is coming in, "demand-reduction is important." There was a small article in the Washington Post as I recall. But that was it.

Q: And give the market a chance to develop.

KRANSTOVER: Yeah, yes.

Q: Okay. So, did you—you then moved on to the Mexico and Central America desk in AID?

KRANSTOVER: Right.
Q: As the director this time, right?

KRANSTOVER: Right, right, exactly. So, I had five desk officers there.

Q: In the summer of 2001?

KRANSTOVER: So, that would have been the summer of 2001, right, and so, I've been in Washington for three years. The summer before, 2000, the front office, Carl Leonard, asked me if I—he gave me an option—he said, "I'd like you to be director of AID in Ecuador," in what would have been the summer of 2001, and— "Or if you don't want that," he said, "Panama is also going to be open." I had been to both places on TDYs (Temporary Duty) and as you probably know, perfectly accommodating and interesting places, small portfolios, but nonetheless interesting portfolios.

Q: A good way to start as a director. But?

KRANSTOVER: Yes, exactly, exactly. But you don't answer the way I did, which was to say "no." At this point, for several different reasons, all of which involved family, I had to decline. My wife was doing well with an international consulting group in Washington, called International Resources Group, which eventually RTI in the Research Triangle bought out. I don't want to go into this too much, but our oldest boy was having some difficult health problems at the time. And he required a lot of attention for about a five- or six-year period, starting in about '99, 2000. And the younger children were doing just fine over at Woodson High School, and I thought, this is probably not a good time to make another move.

And so, Carl put me in as Director of Central American and Mexican Affairs, the Mexican part coming over to us then, moving—because it was just—you know, Mexico was one of these tiny programs, $6 to $7 million for a long time, most of which was a population program. It was essentially earmarked population funds, going through Mexican NGOs and providing counseling services to women of childbearing age through a few different clinics and places all throughout Mexico, and a successful, older program.

We also had a small scholarship program and some technical assistance targeted towards HIV/AIDs prevention and some small environmental projects.

Not that I knew much about it, as it sort of flew under the radar for many years. Mexico, which had always intrigued me, felt to me like it was the most important country in the world to us because of an accident of geography and culturally. It's close to us and our intertwined history, certainly.

So, Fox comes in, President Fox gets elected at approximately the same time George W. Bush comes in and takes office in 2001. They have their barbecue summit in Crawford, Texas. And it looks as if the primary emphasis in international affairs might just be on Mexico, Latin America and immigration.

Certainly, Fox is the first Latin leader to meet with Bush, if not the first national leader to meet with him. He represents the PRI, a conservative party holding the presidency for the first time. And so, we started to think, well, gosh, what could we do there? And of course, there's all kinds of things, but given Mexican sensitivities and their constitution, as you would know, they weren't necessarily keen on having us jack up a big program there. They are a member of the OECD and have oil.

Nonetheless, we did start to get some money at Fox's behest in order to take a look at corruption in the judicial sector. And as I remember, we had about—we went from about $6 million to, perhaps $30, $35 million for a country of 115, 120 million people. It wasn't much, relatively speaking, but it provided—well, we were responding to a new president, and secondly, it allowed us to claim an important seat at the table.

Bush had put in a fellow, a friend of his who—by the name of Antonio Garza, a Texan who had been head of the railroad commission in Texas, which I found out later was an extremely—it didn't sound like much, but it was an extremely important position because it had to do with the regulation of oil and gas marketing. A thoughtful, unpretentious fellow. He came by and we gave him a brief and I walked him out to his car.

Q: He got appointed to be the ambassador?

KRANSTOVER: Sorry, the U.S. ambassador to Mexico. He eventually married while there I believe, a Mexican lady.

I remember, just the two of us leaving the building, he hadn't been sworn in yet, and we walked out the Fourteenth Street entrance and he had a car waiting for him and we had a nice talk after this brief with Adolfo Franco, who was now the head of the bureau. Adolfo had been up on the Hill for a bit, was close to Rep. Jim Kolbe of Arizona and also counsel at the Inter-American Foundation, which Rep. Dante Fascell of Florida had founded back in the seventies.

Garza said, "Well, thanks so much." And he said, "Oh, by the way," he said, "Do you have a piece of paper regarding the AID portfolio in Mexico?" He said, "I appreciated the

briefing, but" and as it happened, I had one in my jacket pocket. I handed it to him, and he said, "Thanks very much." USAID's program was just one of many elements, of course, that he had to worry about. I thought the guy was a fine choice. And given the fact that he and the President were close is key, particularly for Mexico.

Q: So, the judicial sector reform with the movement to the accusatorial system, did that start around then?

KRANSTOVER: Exactly—for Mexico. It had been pursued in other Latin American countries.

Q: Accusatory versus inquisitorial.

KRANSTOVER: The whole, right, right, the accusatory system as opposed to the inquisitorial one, which reflects Napoleonic law or code. It is "Napoleonic" I understand in that it was drawn up in 1804 by the French and adopted by a number of countries in Europe and in Latin America and other areas that were attempting to modernize their countries through legal reforms.

This is a system wherein your judge is serving as an investigator and prosecutor at the same time. And there is no jury. This, I think, is really an unsung achievement of AID in many regards, not only in Mexico but in some other countries in Latin America wherein a new court system element was put in place. We pushed for the same thing in Costa Rica and Central America. Judicial reform and attention to corruption and the court system started during the Reagan administration. NDI (National Democratic Institute) was formed, the IRI was formed (International Republican Institute). IFES, the International Electoral Foundation which monitors elections, was founded.

With Mexico it wasn't something that the Mexicans—and we were certainly respectful of this—wished to widely publicize because of the sensitivities of the Mexicans, Mexican nationalism, and our history with them. We had invaded them of course. No Mexican politician wanted to say, look what the gringos have done for us. Isn't this wonderful? They've shifted us out of this sclerotic colonial framework and brought us into a more civilized operation. No—probably not going to be said. As Porfirio Diaz is purported to have said, "Poor Mexico, so far from God and so close to the United States."

Q: Well, it takes a long time. My understanding is that, you're going to something that's more like our system where you have public defenders, or you have a defense, and you have prosecutors. They either present it in front of a judge or tribunal or in front of a jury. But it's not just hidden away, and the judge can wait to decide until somebody gives them enough money, right?

KRANSTOVER: Right. That's been known to happen.

Q: One of the positives of that was that people were going to prove their cases. The police didn't have to have a confession, which was causing the police from time immemorial to torture people to get confessions.

KRANSTOVER: Right. Yes. And everybody who was accused or had been arrested was essentially in the same boat. You could have a guy who had murdered his wife, in the same jail and on the same docket as the guy who had stolen two chickens so that he could feed his family. Or had stolen a little bit of change from the local grocery store or something like this. There were cases that had been on the books for years and years that our projects looked at and essentially wiped out as part of judicial reform during this time because either the statute of limitations, if it existed, had expired, or people had died. Nobody was paying any attention to this stuff, and it was just a terrible mess.

It was not unlike when we were in Honduras in the eighties, and we took a look at their voter rolls in support of their elections. They had people on the books who were listed on voting rolls going back to the late 1800s or early 1900s. Nothing had been purged. There had been none of this "renovacion" with respect to the system. And so, that was a big deal. That was—but as I say, a relatively unsung element of the Mexican portfolio.

Q: Was AID contracting with Justice, or was INL funding that work?

KRANSTOVER: That was AID money for the most part. There was an INL advisor down there, but he was on INL money, and he was actually looking at—he was actually looking at the vestiges of some poppy fields up there in the north. And there had been some spraying in the late seventies, early eighties when we were using "paraquat" on the marijuana fields and things like this. The drug use or the drug cultivation in Mexico was hardly at any particularly interesting level, I don't think, for us. But what was happening, of course, was the trafficking and the financing, and the violence involved with that which grew exponentially in the 1980s.

Q: The reason I was asking was that I was in Honduras during the years that you were in the office and I think we had a judicial reform program going, and I think I remember Paul Vaky, the son of a famous Ambassador.

KRANSTOVER: Right, Viron Vaky. Paul was Ambassador Vaky's son, yes. And a lawyer.

Q: But he was quite an expert in this, and I think he worked on it in Colombia too.

KRANSTOVER: He did. He did. He was in both countries for some time I believe, and he was quite effective.

Q: One of the things I remember, was that there was an active discussion on who in the federal government was getting these agreements with INL or AID to do the work in these countries.

KRANSTOVER: Yes. We brought in advisors. We brought in what we called personal service contractors or seconded people from Justice. There was some friction amongst agencies about reporting lines to Washington and about what federal agency was getting credit. Vaky, as I recall, was in Colombia for quite some time, three to five years, perhaps, and he was DOJ, but funded I believe with AID money. So, it could cause complications regarding reporting and management at times. I came across an old PowerPoint the other day which laid out things that AID and DOJ had done in Colombia. It was quite extensive.

Q: So, with Central America I think some of this work that was good governance and economic development work was coming out of the use of the Hurricane Mitch money maybe.

KRANSTOVER: Yes, perhaps, although, yeah, there was a lot of money there on Mitch. Hurricane Mitch happened in '98. And I was in South American Affairs, of course, at the time, but I remember the Central American guys, Neil Levine was running things in that office, in our bureau, were absolutely consumed by putting together an appropriate package to send up to the Hill in order to get some funding on that. The Ambassador in Honduras at the time was Frank Almaguer, a career AID officer.

Q: By the time you got there in mid-2001 the appropriations were done; a lot of the work had been done.

KRANSTOVER: Pretty much. For Mitch.

Q: —and starting to wind down, yeah.

KRANSTOVER: Starting to wind down. Had a couple of interesting studies, sort of post-implementation pieces, one or two of which I still have. We talked about that being a real success. But interesting how fast the tension wanes on this stuff. Within six months to a year, we tried to get people enthusiastic in the bureau to put together a final statement on numbers and accomplishments and things like that. It was eventually done, but our government's attention had shifted.

And when Bush came in, he not only started out internationally talking with Fox, but then a few months later 9/11 hits us all. Everything stops, at least for a bit. We even had meetings in the Ronald Reagan building in the following weeks about the proper way to use gas masks should Washington be attacked once again. I was in Nicaragua when 9/11 happened, on a weeklong TDY and working with our Director, Marilyn Zak, one of the first women and SFS women in USAID. It took me two days to fly back to Washington. My wife Anne spent 5 hours in her car traveling home that day from around Dupont Circle to Annandale, some 16 miles to our home. The children were sitting on the front steps when she got home after dark. We all have our stories I know.

But, so, Latin America isn't necessarily on the screen anymore after 9/11. And the President starts talking about not only 9/11, but he also becomes interested in things like

PEPFAR, (President's Emergency Program for AIDS Relief). This is mainly focused on Africa, a curative, well-financed instrument for AIDS, as opposed to an emphasis on primary healthcare, which AID had specialized in for decades. And then in the Bush Administration, they also put together, as you recall, the Millennium Challenge Corporation at this time. It had its own authorization bill. Had its own authorization bill outside of the Foreign Assistance Act and got its own appropriation and stuff like this and set up an organization north of us, north of the White House.

Q: Okay. So, let's talk about that. AID felt betrayed?

KRANSTOVER: Well, so you've got this movement, as we've referred to earlier, the mid-nineties, '96, '97, where USAID was having a tough time. We have this RIF, this reduction in force. We're trying to implement some management reforms, per policy of the Clinton administration, which VP Gore was pushing, to make us all look more efficient. Colombia is a little bit of a bright spot on that, despite its many fights. But the Bush Administration comes in and talks about getting rid of foreign assistance. I think we may not have felt betrayed, but we did become a bit apprehensive.

This is the annual debate, of course, in Washington. Why are we spending money abroad right? As people will say, even around here in this lovely area of Wisconsin, foreign aid is 20 percent of our overall federal budget, blah-blah-blah, which, of course, it's not.

It's about .08 percent of the federal budget. Civilian assistance. Maybe 1.4 percent if you add funds for which the Pentagon is responsible, and those are for non-military purposes in any case.

So, and you know, so Bush—I mean, I thought, not that I agreed with this, but I have to give it to these guys. They were rather astute and politic. First of all, PEPFAR was a successful operation.

Q: Well, what was PEPFAR?

KRANSTOVER: So, PEPFAR was the President's Emergency Program for AIDS Relief, essentially focused on Africa. Heavy-duty purchasing and distribution of medicines and things like this that focused in on some of the worst AIDS places throughout Africa. That's where it started, certainly.

Q: It was comprehensive, so it was everything from prevention to treatment—

KRANSTOVER: And big money, right, and big money. And so—

Q: But did the money come out of AID's activities?

KRANSTOVER: No, no. So, they got their own authorization, their own appropriation. And it was another reflection of the fact that if you can't get through the bureaucracy or terminate an agency, go around it and put something else in place. And that's what they

did. And they adopted several systems and procedures and project documentation, procedures that AID had developed, and still has to this day, as part of the PEPFAR process for approving a particular package for Botswana or South Africa or Malawi or places like this.

I sat in on a couple of the PEPFAR meetings because I was curious to see how things were going. These were interagency groupings wherein you had HHS (United States Department of Health and Human Services) and CDC (Centers for Disease Control) and other players in there looking at countries and saying, well, we ought to do this, we ought to do that. We've got this much money; can we get some more? We're having some success here. So, that started to move. Anthony Fauci was very much involved in the conceptualization and was one of the intellectual authors of PEPFAR along with Mark Dybul.

Q: Conceptualization of the actual public health policy that would help defeat AIDS, right?

KRANSTOVER: Right.

Q: They weren't run as AID programs?

KRANSTOVER: So, they weren't run as AID programs. PEPFAR had to either channel it through health ministries on the ground or get contractors to work with those health ministries and make sure that they did it.

Q: MCC was separate, Millennium Challenge—

KRANSTOVER: So, then—right. Sorry. It gets complicated. PEPFAR comes about, and then you get MCC which is much broader in its reach and potential funding. I thought MCC was a bit of a bridge too far in terms of what they were seeking to do. But as I have said, if you can't abolish something, and it's tough to abolish something once you get it established in Washington, i.e., AID, then maybe you can do something on the side, and that was MCC.

In the spring of 2002, if I remember correctly, we all had this huge financing for development conference in Monterrey, in Monterrey, Mexico, wherein IMF (International Monetary Fund) and AID and World Bank, State, IDB, all the big players, the Europeans, the Japanese, the Brazilians and the Argentinians, any number—UN, everybody was there, and President Bush came down. And so, I went with our assistant administrator, Adolfo Franco, and a few other people. Don Boyd was there, one of my many bosses in USAID, who had been amongst those Americans and others held hostage by Peru's MRTA group in December of 1996 following a reception at the Japanese Ambassador's residence in Lima. Jeff Davidow was there. I think he was the Assistant Secretary for WHA at the time.

This was a big deal. The conference led to the Millennium Challenge Account or the Millennium Challenge Corporation. What was striking about MCC was that not only were there significant pledges by a number of different organizations at the conference for development projects throughout Africa, Asia and Latin America, but MCC essentially turned the traditional model of foreign assistance on its head.

We Americans go into a place and basically say, "We're here to help you. You're going to like it. And oh, by the way, we know how to do things." Well, the Republicans, to their credit, the people who are pushing this, basically said, "We're not going to deal with any of these countries until they get orthodox, economic policies in place. And they can then come to us, and we'll start to talk to them about infrastructure and about giving them essentially a compact of $100 million to $600 million, one big chunk of change that will be dispersed, again, over a period, subject to a number of different conditions. And country x, you must attack corruption, you have to have decent public and private institutions, you have to be willing to engage in the "Washington Consensus" economic policy tenets before we can sign a compact with you.

Well, to get—so, as opposed to us coming in and saying, not to put too fine a point on it, but Jacobins might have said, we're here to help you to be free. We're going to make you free. The Republicans are saying, get your act together. Exercise your free will. Do the right thing and then come and talk to us. And so, from one standpoint, I thought that it at least had a sound, western oriented, theoretical foundation.

Getting to the point wherein a $500 to $700 million MCC compact would unfold and do something transformative was probably really wishful thinking, however. I think one of the first places that the Bush Administration declared a success was Vanuatu, for instance, because it was just—you couldn't really, again, given your time factors and the institutions you're confronting, whether you had decent human capital in the country, whether people wanted to do this, was just too short. And the fact—and the corruption issue was one of five, I believe, rubrics that a particular country, a country desirous of such a compact, had to properly address beforehand. And that was a real bugbear.

Q: The MCC process started with this idea that we're going to work with well-governed countries at these lower income levels. And so, they had this rubric of different categories of indicators and they used indicators that could be used—compared around the world and then you could get like two out of four right, checked off or whatever, qualified, but the corruption one, you had to pass the corruption one.

KRANSTOVER: The corruption one was a big one. Right. So, MCC started in Honduras while I'm sitting there in the Latin America Bureau at AID, as well as our AID portfolio. Which is into the old things of primary health care, infrastructure, education, all this stuff. Agricultural research—

Q: As economic counselor in Honduras in this period, I was asked to help facilitate the MCC project from State. At first, the AID mission was helping me help the Honduran government.

KRANSTOVER: Sure. Probably through clenched teeth, though, right?

Q: Well, they were helping—they came up with the idea of investing in a secondary road system. They came up with the idea. We sold it to the Honduran government. And then, I don't know who it was, but AID then got a message from Washington, do not help. Don't help the embassy try to help the Hondurans because this is not in AID's interest. So, all of a sudden AID went away

KRANSTOVER: Yeah. And that's when you, we, begin to wonder as a direct hire and a commissioned Foreign Service officer who's taken an oath to the constitution, if the people you're working with are representing a different sovereign nation or something.

You can imagine the bureaucratic resentments and jealousies coming about as, all of a sudden, MCC pops up as another foreign assistance method with no input from USAID and demands attention.

Q: The other thing that may have caused resentment is that the MCC emphasized that they were instituting monitoring evaluation and impact assessment, that they were doing it right. The implication being that AID was doing it wrong, right?

KRANSTOVER: Right. Right, and had been doing it wrong since the Marshall Plan. I guess. And so, and as it happened, as I understood it, as this rises out of the bureaucracy, the Agency made some gestures to the MCC people initially, saying, "By the way, we have an evaluation framework. We've got a process. We've got some regular documentation." The initial reaction from MCC was, no, no, no, we're going to do this. No, you guys don't know what you're talking about. And it, of course, people at AID said, not surprisingly ok, knock yourself out.

MCC had some clearly bright and hardworking people but without much international experience or economic development experience, many of whom were political appointees, and young. And so, therein was an element which elicited an immediate negative reaction on our part. But we had offered—we, I say, AID—that we have some experience here.

MCC put some people in various places, countries and told them to make something happen. I remember meeting one of them, a very capable guy in Managua during one of my visits there and he seemed to be making some headway. And indeed, MCC focused there, in Nicaragua, on infrastructure, just as we had in Honduras. But yes, there was that—certainly at the upper levels this in-fighting, this terrible "don't help them out," a big "no," from both sides, from both sides in the early going, which doesn't help anyone.

Ultimately, in the best of circumstances you had AID and MCC at least talking to each other. I mean, you certainly didn't want MCC to be doing a road, punching it through some pristine biodiverse tropical forest without looking at an environmental assessment or something, which is what you have to do by law. Or putting in a road connecting the

president's house to the beach or something like this. Not that they would have done anything quite so egregious, really, but we had—we did make some gestures, they made some gestures. The initial reaction on their part was to stay away, and so we did. They eventually, as I recall, ended up taking some of our documentation as models for laying out these compacts. No sense in reinventing the wheel. And the whole business of indicators and things like this, how you could measure success and accomplishments in tangible sorts of things was based on a lot of stuff that AID had done in the past.

Q: I think these were just growing pains. Later, the collaboration and coordination got much better.

At this time, Natsios, Andrew Natsios had become the administrator. Can you talk a little bit about that?

KRANSTOVER: Sure. So, he was actually serving as the head of our Office for Foreign Disaster Assistance (OFDA) early on in George H. W. Bush's administration. In Washington. This is 1990, 1991. He was quite familiar with our bureaucracy and certainly with the disaster assistance element and he was a good friend of Andrew Card's, as you may remember, who was George W.'s chief-of-staff. I think he said something about being, along with Card, one of the six Republicans in Massachusetts.

Natsios had served in the Massachusetts legislature. He had been a—he was a military reservist and active in Massachusetts politics and had served in Desert Storm. He comes in as W.'s administrator, new administrator. I thought, as I said to him when I retired in '04, he came to my retirement farewell there on the upper floor, and I remember saying, "Andrew, I thought you came with some good ideas." And I meant that. I thought that he was a Republican who felt that not everything abroad had to be done through the public sector, indeed, no. But he, unlike some other Republicans, wasn't out there saying, let the market and the private sector basically take care of everything. He appreciated the fact that government had a role. Not quite what some Democrats on the left would like, certainly, but he understood that. I didn't think he was a slash and burn political appointee, although he did show his colors when he came to the LAC bureau for the first time and, as we were sitting around a table with him, he said, "Call me Andrew," and we had a conversation. And somebody said something, and he immediately said, "Are you a cultural anthropologist?" (Laugh)

Q: It wasn't a compliment, I figure?

KRANSTOVER: It was not, it was definitely not a compliment, as if to say, you're sort of a—you're not a normative type, if you will. You're, oh well, all societies are different, they ought to be given a break, type. Situation ethics let's say.

Q: So, how would you compare Brian Atwood and Andrew Natsios? Because they both were there for a significant amount of time.

KRANSTOVER: Significant amount of time. I thought that they both managed well. I mean, certainly—

Q: Both of them. Both of them.

KRANSTOVER: Both, I thought, yeah. I thought maybe Atwood should have gotten rid of Larry Byrne, his advisor on systems, a bit earlier because I think Byrne left—did a bit of damage, certainly, if not a lot of damage to the Agency in terms of personnel and its system. And a data financial system that never actually functioned.

John Norris came out with a book last year in 2021 called "The Enduring Struggle"—on AID which talks about this period. But both Atwood and Natsios, I thought, were also rather adept on the Hill. And they had connections there and they were—I recall if something wasn't working or somebody wasn't particularly useful or pulling their weight that Natsios would make a move, he would change things. It wasn't as if—and he wouldn't rub his hands over this or anything. I mean, I think that's what you need, certainly, when you're functioning like that. He, of course, came to the '02 Financing for Development conference in Monterrey, and was very much involved in that.

Q: You and he were in Washington when as much money as possible was being switched over to Afghanistan and then Iraq, right?

KRANSTOVER: Right. So, yes, I mean, so in October of '01 we started bombing Afghanistan. The air is sort of taken out of the Latin America bureau. In March of '03 we go into Iraq. I very much had my connections with Latin America through AID and Peace Corps, even though I had served in Africa and knew a few other places. And it was clear that not a lot of attention would go to this part of the world. Other than Mitch, there was an earthquake in '02 in El Salvador that certainly got our attention – that would continue. The issue of NAFTA and then CAFTA, the push towards open markets and a private sector-led growth path was certainly taking hold and having some success.

We had closed Costa Rica. We certainly weren't doing anything in Venezuela. Plan Colombia was chugging along and getting a lot of attention as far as the whole bureau was concerned. Mexico was making some headway with respect to the court system in a quiet way, which was fine with the Mexicans. And we weren't—Guatemala, El Salvador, Honduras—they just didn't have the kind of profile that they certainly had in the eighties and the nineties.

I remember going up to AID's public affairs section in March of '03, of our building there as Secretary Powell was giving his speech and George Tenet was with him, and Negroponte's sitting there and one or two others, and I remember thinking, this could get ugly. A few people had already left the bureau and were planning on going to Iraq, by the way, as people were—that movement of people within the federal government was getting attention and it became notable, you know, as I can recall in January, February, March, and even late '02. And so, I started to think about leaving.

Q: Leaving the government entirely?

KRANSTOVER: Leaving government. Leaving government, and I thought, well, I could—I've been in this position for a year and a half, I'll take another year and do this gracefully. And that's what I did. So, that last year of what was essentially half of '03 and half of '04, I was making some trips and making sure that things were functioning, and they were. But as I say, we didn't have the kind of portfolios that we had there in the past.

I don't mind telling you also that Adolfo Franco, the political appointee there—I didn't think he had an interest at all in any of the career staff, and he had brought in a young State Department officer who had left his job as a commissioned officer to serve as his chief-of-staff and point person.

And so, we didn't get much attention from Adolfo. I remember that the Nicaraguans at one point wanted to close down our justice reform project there, Bolaños, who was President then. Anyway, we were getting some heat on that at the USAID Mission in Managua, and it was a relatively quick decision by the GON. Somebody from AID or the embassy called me, and I went to Adolfo's office because I thought, better to inform him, I don't want him to get sandbagged. And I remember—now, I'm a senior officer in the bureau, I'm an office director, I'm in a senior Foreign Service position. I knocked on the door and he looked at me and the first thing he says is, "I hope this is important." No hello, just what is this? And I said, "Well, as a matter of fact, Adolfo, it is." I said, "I think you ought to know," and I went through this little elevator speech about our program in Nicaragua and how I'd just been apprised that it was very much in danger, and I said, "I thought you ought to know that." So, that was probably mid, late '03.

Not feeling a lot of love. But I should tell you, I say this to everybody, I really—my wife and I really loved living there in Northern Virginia and in Washington and having those jobs. Our kids were in a good school. And I should say—I mean, coming into Washington in '98, after seventeen years overseas with the federal government—every year from '98 onward was sort of a seminar for me on the federal government. Which is why everyone needs to spend time in Washington.

The interagency business and that infighting was completely and totally new to me. The briefs up on the Hill, all this kind of stuff were just— I actually found it compelling and interesting and sort of wow, okay, so we're doing this. And of course, it was a completely different atmosphere from overseas because you had Treasury and DOD and all the other cabinet ministries around you, and you had the interests of the Hill always to consider.

I remember being asked to go to the Hill one time. Natsios was very much concerned about food insecurity in northwestern Guatemala and in northwestern Nicaragua, where the coffee harvest had failed in '01, '02, and where people were—you started to see numbers creep up regarding malnutrition—numbers that were rather bothersome. And I know that Andrew's grandfather, a Greek, had suffered very much in a food deficit situation either during or right after World War II. So, I went with Vicki Alvarado from WHA, and we briefed Senators Dodd, DeWine, and Rep. Sam Farr along with some

staffers on USAID's portfolio in Central America, particularly on the food elements of it. This group was particularly concerned about food aid and Latin America. Dodd as you know had been a Peace Corps Volunteer in the Dominican Republic.

Andrew said when he came into the Agency that nobody was going to be starving anywhere in the world on his watch, or something of that nature. So, when he found out—we briefed him on this, I remember, that malnutrition and stunting, which I had seen as a Peace Corps volunteer in '73 and '74 in Guatemala, was becoming much more pronounced in the Western Highlands and in Nicaragua.

He said, "Well, let's get down there. Let's see what we can do." And we managed to get some supplemental PL-480. We did a sweep through there, through Nicaragua and Guatemala for about two weeks. I went with Garrett Grigsby, who was a very—who was a political appointee and who was very close to Jesse Helms. And Grigsby had never been to Latin America. And he and Roger Noriega, Adolfo Franco, and Dan Fisk, who was over at the NSC (National Security Council), had all come into the executive branch from the Hill during the Bush Administration.

Well, Garrett was just one of the great skeptics of foreign aid. We were at opposite ends of the political spectrum and now thrown together for two weeks on this trip to both of these countries, with a couple of other personnel, and as it happened, we found some common ground and got along all right.

One thing that deserves mention because it was so absurd and unexpected was, of all the things, we go to northwestern Nicaragua, and one of our contacts is a Nicaraguan named Dr. Martinez-Cuenca, who happened to have a PhD from Vanderbilt, owned a couple of tobacco factories in Nicaragua and had also been one of the first Sandinistas and a planning minister, I believe, in the early eighties. He eventually became disillusioned and left the Nicaraguan government.

Well, it was a Sunday—we're in Estelí, up in the north, visiting some villages on a Sunday and Cuenca insists that we go to see his tobacco factory which is in Estelí. Garrett says, "Yeah, I'd love to get some cigars." Cuenca says, "Of course." And so, we went in, and we had this tour. Garrett is carrying two or three boxes of twenty-five cigars a piece, walking on this rather narrow little walkway in the factory about three feet off the ground and he falls and breaks his elbow.

It was terrible. And Martinez-Cuenca is mortified. Well, of course, it's Sunday in this little town. Nothing's open. Cuenca uses his connections, and we get into, of all places, a family planning clinic in Estelí that AID was funding and had funded for many years—Pro Familia, it was called. Well, so now I've got this guy who was Helms's—one of his chief staffers in a family planning clinic after having come out of an ex-Sandinista's tobacco factory, on a Sunday. Fortunately, Pro-Familia had an x-ray, and Garrett indeed had a broken bone or two. But things were a mess. We had three cars with us, I think, maybe—certainly two if not three. Anyway, Garrett was clearly in pain and

eventually he had to have an operation and everything. But we got him back to the capital. I continued the tour with my AID colleagues.

But when I got back to Washington, I had to tell Natsios about this in one of the senior staff meetings. I was waiting for him as we were going around the table for Natsios to—for me to say something, but Natsios brought it up. And all he did, he looked at me, he said, "Did I hear that you pushed Garrett Grigsby down to break his elbow?"

Q: He was teasing.

KRANSTOVER: Yes, of course. I just couldn't—I had no response. I had no response. The point of that is we were able to bring food into those areas, into both northern—that section around Estelí and places like that, food deficit areas, and into those coffee—where those big coffee growing, and small farmer, coffee-growing areas, primary product stuff where that essentially prevails—if your coffee harvest is bad, you're in trouble. If your coffee harvest is bad for two or three years, you're in real trouble. The world prices have tanked, and they had some problems there locally too.

Q: Right. So, in 2004, did you actually leave government?

KRANSTOVER: So, I did. I took my retirement, yeah. I was able to do that and as it happened, that April, May of 2004, I retired with two other office directors from the Latin America bureau. And left the office in the very capable hands of my friend and deputy, Robert Khan.

Q: This was a show of dissatisfaction?

KRANSTOVER: Well, it wasn't planned that we do it together. The three of us, Don Boyd, may he rest in peace, who I mentioned was in Peru and was kidnapped in '96 with soon to be President Toledo and a number of other people, including Mike Maxey, who was another colleague of mine, during a reception at the Japanese embassy. They were held by the MRTA, the M-R-T-A (Movimiento Revolucionario Túpac Amaru/ Túpac Amaru Revolutionary Movement).

Q: In the Japanese embassy.

KRANSTOVER: At the Japanese embassy, right, for that, yes, for their Christmas celebration. So, Don had been up in the front office as an acting assistant administrator on occasion in our bureau. And then, a fellow by the name of John Clouthier—who was the office director for the Caribbean decided to leave. The three of us—it was—it must have been something about '04, and the emphasis on Afghanistan and Iraq and stuff like this. And we were all contemporaries, and we discovered a month or two before we were going to submit our papers, that we were going to retire at the same time.

We said, well, let's just do this together. So, Fred Schieck, the political appointee, although a career AID guy for many years, now AID's Deputy Administrator, started

things out, and he looked around and he said, "So, what's happening here to the Latin America bureau?" And Franco was standing there; Franco didn't say anything. He said a few things later that were relatively complimentary about us. But it was clear that things had shifted a bit in all kinds of ways and that—I always like to say if you could make a generalization that's relatively true about the Democrats and the Republicans it's that the Democrats see public institutions as actually being useful, and can be functional, right?

The Republicans, not so much. Have small government, less taxes, don't emphasize a reliance on the regulatory elements of your public institutions or your oversight functions. So, hence, you get MCC, a very different take. You get PEPFAR, right? Both, disconnected from AID, yet with a singular, developmental focus. And certainly, PEPFAR you can point to as an important element in the overall scheme of things on foreign aid and the fight against Aids.

Q: So, where'd you go?

KRANSTOVER: You know, I had been looking at this group called the U.S. Committee for Refugees and Immigrants, which can actually trace its origins back to about 1909. I had come across them when we were doing Plan Colombia because they had been in and out of Colombia and had the numbers on the displaced people, on the displaced population, not only in Colombia, but around the world. At the time, I think it safe to say that they had the most credible numbers regarding refugees and displaced. The Hill certainly took them seriously. And they were a research and advocacy group at the time. They had offices on Massachusetts Avenue at the time. And so, I sent them, probably in January or February of '04, my resumé. I basically asked them if I could be helpful. And so, we went through a series of interviews.

Lavinia Limón was the director then. And a very sharp fellow as the Deputy with whom I still stay in touch, an Ethiopian American by the name of Eskinder Negash. Oh, and Roger Winter—a political appointee in OFDA (Office of U.S. Foreign Disaster Assistance) at the beginning of the Bush Administration, George W.'s administration, had been there, had also been director there. And so, they were interested in—what they wanted, as they unabashedly said to me, was to be able to see if they could do some implementation overseas with USG funds.

As I say, they were basically an advocacy and research group, but they were part of a group whose Presidents headed at different times, the Office of Refugee Resettlement, part of HHS. Roger, Lavinia and eventually Eskinder all headed that office at various times which received federal funds for refugee resettlement around the country. Funds are granted to some twenty-six, twenty-seven, twenty-eight different civil society organizations around the U.S. which then provide six-month stipends and housing grants to refugees who, after having been vetted and receiving their refugee cards, connect with when they come to the States.

You've certainly—you've got these groups—it's everything from Lutheran Social Services to the Hebrew Immigrant Aid Society to, I think, Catholic Relief Services gets

some. And there's just organizations around—the Somalis were all brought into the Twin Cities in Minnesota in the eighties and nineties through this network.

USCRI was part of a group of maybe five different organizations that were in touch with the smaller groupings out in various places around the States granting them funds and getting support from USCRI. The ultimate source of the money was ORR, the Office of Refugee Resettlement. That whole business of refugee resettlement and displaced was something as well that I just—it was—I think I got interested in it while in Central America, and certainly during Plan Colombia. I found the whole thing compelling. As I said to them during one of these interviews, I'd like to get out in the field and do some things and take a look at this and maybe do some assessments for you.

Q: You were there for about a year, when you got there were you able to make that work or were they able to make it work?

KRANSTOVER: Yes, so I was there for about fifteen or sixteen months. We tried several different things with PRM, giving them a couple of proposals. We put together a couple of proposals for PRM's money in order to work with refugees in the field. No one was doing anything in mental health in refugee camps, and we had some people who could do that type of work. Lavinia rightly felt that this could be a niche.

It was a small organization and a very diverse one, run essentially, at your operational level, by a lot of former refugees who are now U.S. citizens. But we had this reputation, USCRI did, of not being an implementer, and that's what they wanted me to change. They wanted me to basically take it from their traditional role and make it implement projects—and so that—two proposals that we worked on very hard, and I had a couple of very smart young women working for me who had done some refugee work. Ultimately it didn't pan out with PRM.

PRM said, thank you very much. And I can't remember who it was, one of the officers in PRM said, "You know, you're suffering from this long, good reputation of yours as a research and advocacy group. And you're fighting through, trying to break into a grouping that has a long connection in the field with any number of consulting groups in operations. And they have done this work for a long, long time. And so, it would be difficult for you to break in." I also heard that somebody who had run USCRI in the past had mentioned to PRM that we probably weren't capable of doing this type of work in the field, that it would be too much of a stretch. That could not have helped. I did bring in a number of former AID officers, if not a State guy or two also, thinking we could build our staff, just to speak with management.

So, this was—our idea was to strengthen the international experience character of USCRI. The first proposal was based on an assessment I did in eastern Chad.

USCRI sent me off to Chad, in September of '04 because of the Darfur situation which was beginning to get out of hand in late 2003, early 2004. To make a long story short, I had a Sudanese friend, former FSN with me in Sudan, in Washington, Hassan

Abd-al-Nabi, who now worked for the Omani Embassy, who knew a Chadian in Washington, and I had coffee with this Chadian, who was just a wonderful guy. He helped me with arrangements and contacts. Ultimately, I went to N'Djamena, after getting a short brief from the Chad desk at State, flew to a place called Abéché, and then drove about 100 miles with a fixer, a young—actually, two Chadians, one of whom spoke a little bit of English. My Chadian friend had made several contacts for me. A bit of my Arabic started to come back. I had actually done a French course, too, taken it on my own with my computer, as well as an Arabic course at night at NOVA (Northern Virginia Community College) on Little River Turnpike in Annandale before going out there.

I did an assessment for two weeks around Adré, which is right on the border with Darfur, Sudan, and did a number of interviews. We were able to informally brief Senator Brownback during a reception one evening and Lavinia was up on the Hill making calls and, saying, look, this is a genocidal situation. We got around to the UN offices in Washington and I was interviewed by this monthly called the "Washington Diplomat" on the refugee situation there.

While in N'djamena one weekend afternoon, I was sitting in my hotel with four or five Sudanese insurgents, three of whom spoke quite good English. They were teachers out in villages in Darfur, and they had fled across the border. The Janjaweed had been pushing them and massacring people left and right. As we are sitting there, Sec. Powell appeared on CNN, and he used the "G" word in his comments to describe what he believed was happening in Darfur. This was the first week of September '04. And I remember the Sudanese fellows erupting and clapping because they knew the Secretary's remarks meant further action should be forthcoming from the USG.

Q: What's the G word?

KRANSTOVER: Sorry, so "genocide," right. A statement on genocide, which then elicits further action. If that's the case, if that's your judgment, Mr. Secretary, then the international community needs to send a group out there in order to determine what is happening is how the process is supposed to work.

Now, Natsios in '03 had grabbed onto the Darfur issue. And he was quite aggressive and focused on keeping this issue at the fore and showing the world that there was really a grave problem here and that people were being killed by Sudanese central government-funded insurgents, i.e., either Janjaweed, who were this grouping of semi-nomadic tribes who were going after their Moslem brothers who happened to be sedentary farmers. He made at least one trip there.

This reflected larger issues of land and water and things like this. And indeed, the vestiges of this continued—there was something just two months ago, I think, about some problems out in Darfur again. It's hard up against the Libyan and Chadian border area there. I mean, I don't know that I've ever been to such an isolated area in my entire life. I remember walking one morning—I stayed at the UN compound in Adre, and I was going over to Doctors Without Borders' office, Médecins Sans Frontières. And the place is

just—the streets are sand, it's just—it's an outpost. And I'm walking along, and these four or five naked kids come running out of this—their mud hut and they see me, the only white guy in town other than the UN guy, and they start—they're laughing and they're coming up and touching me. And this little boy says, "Nazrani, Nazrani." A follower of the Nazarene of course. I'm a Nazrani, a Christian, right? Adini foloos, adini foloos, he says, give me some money. And I remember thinking, I am really out there. I am in an isolated place. (Laughs) The type of place where one expects bad things to happen under the radar as it were. That particular assessment did help to keep the Darfur issue at the fore.

Close to a year later, Lavinia said to me, "I've got to let you go, but I want you to go to South Sudan, just to take a look." This is July of 2005. The board asked her to make room in the organization for a well-connected person who had been a contractor in Iraq and was now home and needed a job basically.

And so, her deputy, Eskinder and I travel together, flying to Nairobi and stopped very briefly in Lokichoggio where that big refugee camp is and then flew into Rumbek and then to Yei. Rumbek where—because the SPLA, the independence movement and the Khartoum government are starting to make gestures and talk to each other. This ultimately leads to, I think it was '06 or '07, talks in Naivasha, a resort area outside of Nairobi, ultimately leading then in 2011, to the independence of South Sudan. Because of these talks, we were interested in determining if refugees had started to come back to their homes in South Sudan.

So, Garang is there in Rumbek. And we couldn't get out because he was flying in on an Antonov, an old Soviet plane. And we just bumped around there, Eskinder and I did, for a day. Eskinder had actually been, as a young man, a refugee in Sudan in the late seventies, early eighties, and so he was quite comfortable if not a little disconcerted. And so that morphed into yet another effort, although one that I didn't complete, of asking for a little bit of assistance—

Q: Assistance money to help these people.

KRANSTOVER: For yeah, for Southern Sudan, under our rubric. We tried and did engage with the United Methodist Committee on Relief, UMCOR. We took the train to New York and visited them at their headquarters, before going out to South Sudan. The Methodists were very keen on partnering with us on this. But again, they didn't have a lot of lift. They didn't have a lot of gravitas, right? Their director, who was this patrician fellow, a very fine guy, kept talking about calling up ex-senator John Danforth, who could help them out. But nothing ever came of that.

Q: Maybe we will cut here and next time we can talk about you coming back into AID and then ultimately the State Department.

KRANSTOVER: Right, right. Or as some of my old AID friends would say, the dark side.

Q: Or the dark side. (Laughs)

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Q: Good afternoon. It is February 25, 2022. In our current timeframe, war between Russia and Ukraine has just broken out, so it's a somber time. But I am continuing our fascinating conversation with Peter Kranstover on his time in USAID and State.

And Peter, we're going to pick up in 2005. You had actually retired, I guess the first time, from AID, and you were working with the U.S. Committee for Refugees and Immigrants. Can you talk a little bit more about anything else that you worked on then?

KRANSTOVER: Sure. So, I think that we left off with what was a final July or August 2005 trip to South Sudan with my boss, my immediate boss, Eskinder Negash, and then doing a couple of briefs regarding South Sudan, having been in Yei and Rumbek. We—Lavinia Limón came to me, and as I think I mentioned, we hadn't really gotten any purchase, any traction on making USCRI an implementing operation, like some of the bigger NGOs. USCRI traditionally had been a resettlement and research and advocacy group.

I discovered later, she was getting some pressure from the board, as I discovered, to put in somebody with much better political connections than me and who needed a job, who had just come in from Baghdad, actually. And so, it was an amicable separation. And I mentioned earlier our oldest boy, Mike, was having some health issues, there was a period of five, six, seven years there that was quite difficult, and fortunately we were there in Northern Virginia, not someplace overseas.

I spent about six months at home while Anne, fortunately, continued in her position with IRG near Dupont Circle. But about a week after walking out of USCRI, I got a call from Alex Dickie, the director of USAID in Managua. As all AID embassies experience, there was this transition period. He was going on a long break, and he wanted somebody to come in to serve as an acting deputy and make a smooth transition for Carol Horning, who had just been assigned there as the actual deputy. She was not all that familiar with Latin America or indeed Nicaragua. So, that was a six-to-eight-week contract, PSC, TDY, you know, personal services contract, temporary duty station that I was happy to take on.

I was flattered that he called, and I was happy to do it. And I said, "I can't stay any longer, I've got to get back and tend to the domestic scene a bit."

I had done an evaluation for the Managua USAID Mission in late 1993 on a reconciliation project along the Atlantic coast, while still assigned to Costa Rica. Janet Ballantyne, who was the Director there, asked me to come in for a few weeks and determine if this USAID project, started after Chamorro came in in 1990 and designed by Bob Gersony, had done good things.

It was meant to manage the return of Contras from Costa Rica and Honduras to their villages along the coast. Locally managed for the most part with support from Nicaraguan institutions, providing tools and seeds to returnees, infrastructure efforts for roads and bridges in the region and even a reforestation project. It took me a week of travel by dugout, land rover and plane to cover the area with our contractor/manager Tony Jackson who lived in the area and whom I had actually met in Guatemala during my Peace Corps days. Tony was a great field guy, able to get along with everyone, crucial certainly for this project. We have remained friends.

That, along with my other trips over the years made me feel as though I knew the place well. And yes, it was a very successful project. So much so that I recommended it be extended for a year or two, which it was, and even suggested that USAID establish a locally based foundation run by the locals to keep activities going. There is not much presence of government or anything in that part of Nicaragua. From this vantage point, I think the idea of a foundation makes even more sense now than it did then. But, it was a bit of a reach perhaps in 1993.

Per usual, our relationship with the government there has always been fraught in some form. You had Chamorro after Ortega and then Aleman and then Bolaños, right, and then ultimately Ortega comes back in. I always considered our attention there rather episodic. We were up and down with them all the time. And the corruption regarding the ministries and the overall operation of things was rather notable, whomever happened to be in. I remember a Republican staffer on the Hill saying that when they were talking to Alemán, who had made a trip to the U.S. just before the election in ’96, that they metaphorically held their nose and shook Aleman’s hand, and said, well, Alemán looks like he’s our guy.

But our projects there were, frankly—so this is fall of ’05 and I’m just there for a few weeks on contract. But USAID continued to do good things. We had judicial reform, we had election support, something which the Sandinistas eventually got extremely annoyed about, and continue to talk about, I think, to this day. Our funds are not going through the Nicaraguan government of course. So, I was happy to be down there and to provide a little bit of experience, certainly, for that time period. And I knew some of these people too, in the mission, from years before.

I return to Northern Virginia. And then, in the spring of ’06, my colleague and former deputy in El Salvador, Charles North, who was then the Deputy in PPC, our policy-program coordination bureau in AID, gave me a call, and we had lunch downtown. And he said, “I need somebody to do democracy—to be a democracy and justice sector type in the policy bureau,” he said, “where I am the current deputy. And is that of interest to you?” And I said, “Let me think about it a little bit,” and I thought about it for a bit, and maybe a month or two later, say April or something like that of ’06, then, I came in as a, again, as a contractor in that bureau.

Q: Into AID, not into State?

KRANSTOVER: Into AID, back into the Ronald Reagan Building, right, back into the Ronald Reagan Building.

Q: And not into the Latin bureau, but into a bigger office that will cover worldwide policy on these issues.

KRANSTOVER: Exactly right. So, an overarching policy and program coordination bureau, which back in the day, in the sixties and seventies, was a real heavy hitter and swung its elbows pretty wide. Gustav Ranis who was this famous economist at Yale, headed the bureau in the late sixties. And that's when PPC also—well, up until about that time, controlled, very much controlled and had operational writ over the budget and did, as you might imagine, get into regular back and forth with the geographic bureaus about how much money was going to go where and to what subject areas.

I quickly discovered however, in the position that I came into, the democracy advisor position in PPC, the Bush Administration had plans. We spoke about the fact that—so we had PEPFAR, then we had MCC, in the early part of the Bush Administration. And as it happened, the fellow who came in as the political appointee to take over PPC in 2006 was a career air force fellow who had also been, as the Brits would say, the aide-de-camp to George H.W. at one point in the president's career. He came in as head of PPC. Well, he quite happily admitted that he didn't know anything about PPC or economic development, but that was exactly the point. They wanted to essentially let PPC wither and within about three or four months the Bush Administration established what came to be known famously as the F bureau.

Q: So, now, you mentioned the person who was running your office, but Tobias, was he also in place as the AID administrator?

KRANSTOVER: Not quite yet. So, things are transitioning in those first six months, let's say, of '06, and quite frankly, I had no idea, nor did 98 percent of the people, including Charles in PPC, have an idea of what was coming down. And so, we all had a big palaver with a couple of people from State and our PPC director, and the union, the AFSA (American Foreign Service Association) guys came in. And it was announced that this new bureau of budget was going to be formed and a fellow by the name of Randall Tobias was going to be the head of it.

Q: And that was not in AID. That was in the State Department.

KRANSTOVER: Exactly. Exactly. The meeting was in the Ronald Reagan building, but we were told we would be moving to State. And so, there was quite a discussion for a month or so, particularly amongst people who were thinking, I don't know that I want to do this. We were unsure of exactly what this meant in terms of bureaucratic structure and influence, frankly, for that matter. And it was a reaction, I think, and part of the policy of the Bush Administration to take—to get the budget under one—the economic development budget under one house and to bring in a bit of an interagency grouping and

put it into State which ultimately only set up another layer in determining where money was going.

Q: Right. And just to back up, at a higher level, this was the second administration of the Bush—the second term of the Bush Administration, and what had happened was that Condi Rice had moved over to be the Secretary of State.

KRANSTOVER: Yes.

Q: And what I remember is that she felt that the way our foreign assistance budgeting process worked, it was too hard to move resources to where they really should be for new, big initiatives like what was going on in Afghanistan and Iraq.

KRANSTOVER: Right. That's absolutely right. That was certainly an element. Indeed, and she was right about that. That's a true statement to this day. And so, and there's an anecdote which I understand is true from somebody who was in that meeting, wherein Andrew Natsios and Secretary Rice were having a bit of an exchange about exactly how much money USAID was putting into democracy programs around the world. Well, Andrew apparently said, "Well, we don't do democracy stuff anymore." To which she said something like, well, that's news to me; but how much have you put into democracy? And he said, "Well, I'm not entirely sure." To which she apparently said something like, well, get me something in the next two or three weeks, I'd like a memo on this and some numbers.

AID couldn't do it, at least in a timely manner. Huge back and forth ensues within the bureaucracy about the actual definition of democracy programs. Should we put elections in there? What about human rights stuff? Are we talking about fixing legislatures? Are we doing training of legislators in the United States and is that "democracy?" Are we giving scholarships? What about supporting newspapers and advocacy groups in country? And it just chugged and chugged and chugged along, apparently. And so, it's my understanding that this inability to come up quickly with an answer to her question was a bit of an inspiration for her to push for the creation of an entity in order to determine exactly where funds are going and what it is that we're doing with foreign assistance.

Frankly, for me, the perennial question of foreign assistance…..I don't know if I've mentioned the fact that some thirty different federal agencies get foreign assistance money, and they all come out of those appropriations every year. The Pentagon gets military money, or money that has a military "character." Period. So, thirty some different federal institutions get economic development money, including the Pentagon. We don't get any defense funds. I had a colonel who had come in from Baghdad recently say to me, "Do you mean to tell me that economic development goes to Treasury and Commerce and USDA and Peace Corps and Inter-American Development Bank and PRM and UNHCR and others?" I said, "Yeah."

He had just come home, after six to eight months in Iraq, where he had CERP funds (Commanders Emergency Response Program), originally cash seized from the Iraqi

government but later a USG budgeted appropriation which is also cash, basically for reconstruction and whatever. But managed, such as it was, by the military. Afghanistan had these funds also. The military guys were handing it out during their 6-to-8-month tours there right after we took Baghdad. It was basically for anything and everything. No real follow-up nor due diligence. It was DOD funds. All legal, but not much in the way of controls.

The Colonel had worked, geographically, alongside an AID guy who was doing something in a contiguous geographic sector, and he really didn't understand why the two of them were not coordinating. The colonel went on to say to me, "Oh, so that's why this AID guy is always telling me about these different funding sources and methods. Now I understand," he said.

So, that whole issue of the right hand not knowing what the left hand is doing comes to the fore in this question of what are we spending on democracy? Well, we create another institution, we put another layer on, and a number of people are brought in from different federal agencies and organizations, mainly State and AID, and moved into what was essentially the war department there on Twenty-first Street, facing Twenty-first Street.

Q: You're talking about the older part of the building.

KRANSTOVER: Exactly. And they were doing all of these renovations in that section. And they're beautiful offices. We were the first ones to go in there after renovation. And Tobias, I think, had what was essentially George Marshall's office there, which overlooks Twenty-first Street from the fifth or sixth floor. It was a beautiful, beautiful office. And as I discovered later, it was—that floor was where my mother had worked in naval intelligence as a WAVE during World War II. In '42, '43. Anyway, these beautiful offices. But of course, you can't imagine the suspicion and the level of concern on the part of all the bureaus, if not all—now the AID missions overseas too, that were essentially saying, well, what are you guys going to do? And who must we in the field answer to? Right? And why is it that you guys in "F" are chopping off on my OYB, my operational year budget?

Q: Right. If I recall correctly, it was that they wanted to do a bottoms up thought process of how their money should be going. We now know where it's going, now that we have wonderful people like Peter Kranstover doing spreadsheets.

KRANSTOVER: Yeah, exactly, exactly. Endlessly so. Some did the spreadsheets better than others.

Q: But I hope I'm not jumping over something important.

KRANSTOVER: No, no.

Q: But what I remember was this bottom-up review of "forget what we do, let's just go country by country, not subject by subject but country by country, and what should we be doing or focusing on in those places." Do you remember that?

KRANSTOVER: Yes, very much. And so, indeed, so, our writ, as unclear as it was, was nonetheless broad. So, we were able to pick up the phone and call various places and say, what are you guys doing in country X? Send me the latest in your portfolio. We're looking at your budget. And essentially strike fear into the hearts and minds of our friends and colleagues overseas about what funding was going to look like in '07, '08 and beyond.

Well, among other things becoming apparent was the Bush Administration's desire to close missions and to realize economies of scale and savings and to make sure that everyone was engaged in implementing an efficient foreign assistance portfolio, congruent with administration policy. But it was also directed towards potentially closing some country programs because they were not going well or, by someone's judgment, Country X did not need any more help. Behind this was of course the old saw of why aren't these countries, why haven't they hit Rostow's takeoff curve yet, and why isn't everything just wonderful?

Q: So, I'm sorry, I skipped the organizational stuff. So, you moved over and there was a team, an original team of what they called the F bureau, which we all thought was pretty apropos.

KRANSTOVER: Yeah, right. The only letter left.

Q: And what was your role? Did each of you coming over with Tobias have a particular role?

KRANSTOVER: Yes. And we were like a mini-AID in some regards because we were broken up by geographic bureaus with a director and then a number of officers under him or her. Dirk Dijkerman, who was a very senior AID guy came over, and most of us shifted over from PPC and some other offices came in. I should say, people from different offices in AID came over and—

Q: And Tobias had two jobs. He was head of this new organization, and he was also the administrator?

KRANSTOVER: Correct. Right. So, ostensibly he's wearing two hats. He's the AID director, or he's the AID administrator, and he is essentially in a position of an assistant secretary as head of the F bureau.

Q: And did he have a clear idea of what he was trying to do?

KRANSTOVER: I don't think so. (Laughs) I must say, he was well-intentioned, but from two standpoints I think he was very much handicapped. One is, he had done epic things,

apparently, as CEO of Lilly in Indiana, Lilly Corporation, the pharmaceutical corporation. And Mitch Daniels, who had served as head of OMB, was a close friend. Mitch Daniels was head of OMB (Office of Management and Budget) at one point and was an effective, certainly, political appointee in the Bush Administration. And so, Tobias took it, but he just—he came in and I remember him saying in one of our senior staff meetings one day, "You know, it's interesting here in the government, it's my first time in the government." He said, "I don't quite understand why everybody has to come to my meetings."

And what he did, what he practiced then was, every morning he was off to Secretary Rice's office, by himself, with a few papers, and he'd have twenty minutes, half an hour with the secretary, talking about things. Which was fine. The downside of it is that he wouldn't tell anybody what had happened. (Laughs) So, everybody was a bit out of the loop except a couple of close, political appointees, aides, in his immediate circle.

We pushed him on a couple of things. He wanted to do some trips. Plan Colombia was still going on. INL and drug eradication and all of this stuff was still looming large. And I managed to get my two cents in about a trip, and he agreed to go to Bolivia, of all places, where Morales, President Morales was in, who couldn't stand us, and who wanted—who had tossed out the DEA (Drug Enforcement Administration), or was thinking about it at that time, and who was very much against things like spraying and eradication. And as you know, Evo Morales had this very nationalist, indigenous-based support, certainly, and was very nationalist—

Q: And his father had been—had gone broke because of a bad alternative development program.

KRANSTOVER: Exactly. Exactly. He had seen as a kid, as a young man he had seen some of the downsides, certainly, of our implementation in the seventies and things, of eradication, coca eradication and stuff. He witnessed as a young person, Bolivian security forces killing a "cocalero" during one of their demonstrations against coca eradication.

Q: He also went to Ecuador and Peru on that trip. I was the deputy director of the Office of Andean Affairs.

KRANSTOVER: Perhaps you and I had a little bit of an exchange about exactly where he was going to go at that point. But I mean, he could have gone to Africa, he could have gone to Asia, but I said to one of his aides, "Look." I said, "Why not talk to this guy who doesn't like us? And by the way, it's relatively close and Tobias is not going to suffer from jet lag and all of this stuff." And I argued, too, that we've got a real legacy in Bolivia. And by the time he left Bolivia, one of his aides was telling me that Morales, who accompanied him to the airport was talking about "mi amigo, mi amigo el Senor Tobias," you know, by the time he's leaving Bolivia. I thought, great.

Q: So on our end, Assistant Secretary Tom Shannon came to talk to us about the briefing papers. And he said, "Look. When Tobias comes back and he goes to see the secretary—

and this feeds into what I guess you knew—, "she's not going to ask about that project in Putumayo or on the other side in Ecuador. She's not going to ask about the democracy program. She's going to ask, what do you think of Correa, what do you think of Morales?

KRANSTOVER: Of Morales, right. And Toledo, in Peru.

Q: So, it was a useful trip because he was a high-level person close to the secretary who was going to give some ground truth on these somewhat problematic leaders of these countries.

KRANSTOVER: Right, right. I mean, why should we be surprised about that insight from Tom Shannon? When I heard that Tobias had this trip down, I thought, well, it's a wide open, it's a tabula rasa, let's see if we can have him do this. I just thought that it was an opportunity—and my biases toward Latin America anyway were usually on full display.

As he was leaving for his trip, I slipped a backgrounder on U.S. drug policy to a young political appointee who was one of his aides. I thought it a little unfair to this young guy. I mean, he was probably, maybe in his early thirties, and new to government and stuff, and he worked very hard, a bit of an ideologue, but one might expect that. He appreciated it, I think. I just remember—I printed it off, I handed it to him as he's leaving, and I said, "It's only fair that you've got something like that. Do you have anything like this, have you seen anything like this?" And he hadn't. And it just—I thought, well, maybe I did something good that day. That was—for me, that was the whole purpose, or part of that, what was essentially, I thought, an important trip.

And then, Curt Struble as Ambassador hosted him in Lima, I believe. And then, he was in Ecuador, as you say, with Correa, who was up and down with us all the time. It was a little difficult to figure out what—

Q: Bolivia was an interesting example of their approach. They asked my desk officer right before I got there, what is our most important goal in Bolivia. "Well, democracy." And then the F people said, well then, most of our money should go to democracy, don't you think? And so, there was that exercise that I think upended, not just the geographic bureaus, but INL, health, the PEPFAR and everybody because of this zero-based budgeting. Is that how you saw it?

KRANSTOVER: Yes, yes. And ignored the technical types, many of whom had served in those countries.

No, look, I mean, it was a difficult year and a half, I guess I spent there, wherein you're coming in and despite the fact that in my government career I knew a lot of people in State and AID, there was a lot of anxiety and resentment and friction between F and AID, and certainly between F and the INL guys and the geographic bureaus and PRM. As I said earlier, part of the underlying issue here was the Bush Administration's desire to cut back and to close some USAID missions and to save money.

At one point, we were discussing the idea of closing USAID/Brazil. And Brazil, at least given their GNP (Gross National Product), is looking pretty good, albeit with huge disparities, as you know, in terms of income and wealth. We have had a program there since the end of—since the late forties, early fifties, and so, there was quite a bit of back and forth with the AID mission there. John Dos Passos had, at the behest of the Eisenhower administration, made three trips there in the 1950s and written a book about it. A country with great potential as they have always said.

A very capable woman, Dr. Jennifer Adams, who was the USAID Director in Brazil, the only direct hire USG employee, with a capable Foreign Service National staff, called me from Brasilia one day because I had made some inquiries about their budget. We probably talked for about an hour. It was not a pleasant conversation. And she was saying, not unreasonably, that they had an effective program, with what I believe was about $12 million a year, and it was for HIV and quite effective.

I kept going back to that, agreeing but saying, "We're reviewing this, we're reviewing this, we're reviewing this." "We're not disputing the fact that we've done good things, you've done good things down there." And again—and she emphasized that it did indeed give us a place at the table with the Brazilian government, and that's an old and rather, frankly, standard remark to make for anyone overseas, don't you think? You can get into the ministries, you can call the foreign minister, at least you're around and you've got a little bit of influence, a little bit of purchase.

Q: So, let me ask you this. After the "let's match our foreign policy goals with our money exercise on a country-by-country basis" they then rolled out budget ceilings that were lower than what we were already spending in each hemisphere, or in each region, and asked for the bureaus to come up with their spend plans.

KRANSTOVER: Their cuts, yeah. Make cuts. Figure this out. Make it stick.

Q: But they went away from the bottoms up to okay, geographic bureaus, come up with spend plans that are some 15% lower than the current levels?

KRANSTOVER: Yeah, I mean, as I recall, yes. And so, it was—you could describe it as somewhat mechanistic. It wasn't necessarily how much do you need in order to accomplish thus and so and determine your level of effort and put money towards it. But rather, as you indicated, we need to cut ten, fifteen, 20 percent on this mission, we need to close this one, and from there you would distill the numbers. Mechanistic.

Each country had a particular action memo, backgrounder that ultimately was folded into this monstrous—I mean, it was like 12 inches thick, which wound up on Tobias's desk as budgetary/policy directives to the missions around the world, causing huge anxieties. As somebody who was working on Latin America, with Charlie North and Dick Dijkerman and others in the front office, we would all really get some criticism from, INL, PRM, DRL, the AID guys, the AID men and women, officers overseas. Once Ambassador

Sobel, I remember, came up from Brazil on a TDY. He was a political appointee and served down there for three years, right?

Q: Yes.

KRANSTOVER: Right. A successful private sector fellow from New Jersey. And he got into—and by this time, Henrietta Fore had taken over. Tobias left somewhat precipitously, as you may remember, although—

Q: I forgot what scandal caused that.

KRANSTOVER: Well, it had, yeah, it's the old Washington disease of pride before the fall, I think. But to Tobias' credit, he spent the last night of his tenure in the office, signing all of these policy directives and stuff, and then he just sort of disappeared and gracefully left.

Q: For Latin America, our front office said—probably with USAID consultation—we've got to protect Colombia, and if we can, we've got to protect Haiti. So, we have to fully fund Colombia and if we can, Haiti, and then just everything else will fall where it may.

KRANSTOVER: Yeah. Those are the types of discussions that would go on, certainly, in F. And then I'd see people at AID periodically too. It wasn't—it was all quite professional, but people were worried. As I said, again, you have Helms in the mid-nineties talking about wiping us out, then you get PEPFAR off here with its own authorization, then you get MCC, its own authorization, then you get F. And the abolishment of PPC at AID. And so, you have AID which has done some great things, even if it is a reflection of the Cold War, and all of a sudden, it's a different ballgame, and people are starting to get a bit worried.

Tobias would say in some of these meetings—I hated it after a while because it was this trope that he would toss out when he really didn't have a good answer about where we were going and what we were going to do. And he'd say, "Well, don't worry. We're sort of building the plane here as we're flying it." And he said that so many times that I just started to think, well, if that's the case, it may be a good idea, but perhaps we should have started from a different place or with a slightly different plan.

Q: I've never heard anybody use that expression as a good thing. (Laughs)

KRANSTOVER: I think—it was done always in this sort of jocular tone with a little bit of a wink. And of course, you're exhausted and browbeaten staff is sitting there having to listen to this one more time.

But back for a moment to Ambassador Sobel. So Sobel comes to Washington for consultations and gets in to see Henrietta Fore. Henrietta Fore takes over after Tobias leaves, a gracious and capable lady, but she finds herself alone with Ambassador Sobel and not briefed on Brazil. Nobody at F knew Sobel was in the building.

Sobel came into her office, and he had a brief with her for, I don't know, what amounted to ten or fifteen minutes. So, I had Brazil and a couple of other places. I had no idea about this, had absolutely no idea, and I'm sitting in a staff meeting and somebody came to me and whispered in my ear, "Henrietta would like you in her office immediately. She's got Ambassador Sobel and she'd like some help." And so, I stood up and I walked up to the next floor and just walked in, and the three of us sat there for forty-five minutes perhaps, to an hour, with Sobel just hammering us about, just what it was that we thought we were doing in planning to wipe out AID in Brazil. (Laughs)

Henrietta Fore was an executive, high-level, assistant secretary of state, political appointee and did many things. But—and she's not apprised of the details regarding budget residuals and reprogramming money and taking stuff from the environment and putting it into population and yadda-yadda, right. That's why she has staff.

Ultimately this meeting fell to me, which I was happy to do with Sobel, assuring him all the time that no decision had been made about closing the mission there. And indeed, it hadn't. And we didn't have the ultimate authority for that. But Sobel made it clear in no uncertain terms that this just wasn't going to happen while he was there. And again, he used all kinds of variations of that earlier argument that I mentioned regarding foreign aid as giving us purchase with the Brazilian government by having a USAID Mission.

Q: So, I want to tell you one story. One day I got a request from the Israeli embassy.

And this Israeli political counselor comes in. A man with a powerful way about him. And he comes in and I sit down with him and one or two other people, and he demands to know what it means that we've cut Ecuador's budget by so much. He said it must mean that, in a geopolitical strategic framework, we are angry at Ecuador. And I said, "No. I love Ecuador. In fact, I spend half my time defending this AID budget and I was only able to keep $1 million for economic development. The reason for the cuts is just because we need the money somewhere else."

KRANSTOVER: Right, right.

Q: And he would not believe it. He wondered if we were adopting Russia's position or, I don't know. It was pretty unusual.

KRANSTOVER: Changing funds around couldn't be for sort of mundane, bureaucratic reasons or reflect any—issues from the Hill or other policy considerations.

Yeah, yeah. F is formed to get the money element right. The Secretary wants to know how much money the USG is putting into Democracy efforts. And the bureaucracy gets in line and seeks to find out in a systematic way. To do things correctly. The idea for F did not leap forth from the forehead of a nefarious government agent. Funny how you get these types of elaborate interpretations of things.

Q: But anyway. We were all working on different fronts.

KRANSTOVER: Yeah. It's unfortunate. Well, yeah, Sobel didn't go quite that far. And in retrospect, I mean, he's the ambassador to Brazil, he's advocating. I recall in any place I've been, there was—I don't know if you had this in Ecuador, but there was always—in most places I've been, there's like the ambassador's development fund, and it comes out of AID money. And it can be $50,000 or it can be $400,000 a year, something like this, from which he or she can—AID whips up a grant for a village such and so or something like that, for a water system or something, and it's a huge—a hugely—much more—

Q: In Latin America, it's for small projects.

KRANSTOVER: Right. And the publicity that the U.S. gets from such a thing is incalculable, and the ambassador can use that and inaugurate those types of things and garner an awful lot of good press. As a diplomatic instrument, that project account, as small as it is, carries a lot of weight.

Anyway, I just—that's what we were doing in some ways. Trying to make foreign assistance relevant and defensible. And F continues to this day. It's got a different name, as I recall. It's the Office of Foreign Assistance.

Q: Yes. And over the years it did develop into a strategic planning framework with monitoring and evaluation, kind of looking over, making sure things are uniform, right?

KRANSTOVER: Right. Yes. And not a bad thing. Coordination and perhaps, one would hope, that the next time the Secretary of State says to the AID guy or the F guy, "How much money do we put into democracy," they can punch a button and it'll come up and then, well, we've done this, right?

Q: And they did use that. And I think the power went back to—I don't know about the money, but the power did go back to the implementing bureaus over time. It was only a short period of time that they lost their say in decision making.

KRANSTOVER: Yeah, yeah. Well, this is what administrations do, as you know, and things shift. As we were going into what I guess was late '07, the—one of the office directors who had been in F with me and who had worked at S/CRS suggested I investigate S/CRS which is getting some attention. It was formed in '04, the Secretary's Office for Conflict Reconstruction and Stabilization, and that had been going on for a bit. Marcia Wong was her name. A career foreign service officer, very competent and creative lady I thought.

Q: So, S/CRS was also—that was also a Bush Administration creation, right?

KRANSTOVER: Yes, yes. And again, and Powell, with support from Lugar, Richard Lugar and then Senator Biden basically put this section together I understand, this interagency grouping reflective of the wars of low intensity conflict, destabilization

around the world, the shifting from the bipolar world to a multipolar framework or world that we're looking at today. To say nothing of course about the influence of 9/11. The Carnegie Institute, I think I said earlier, was—had this report in '96, '97 talking about conflict being the new structure or issue about which the U.S., through multilateral institutions and the liberal order would have to deal.

Ultimately, a government office takes shape called S/CRS, and Colin Powell brings in—the Secretary brought in Carlos Pascual, who is—had been—or was—I guess would become—ambassador to Mexico afterwards in '09 and he had been—and he had also been ambassador before coming into S/CRS, to Kiev, to the Ukraine.

Carlos was an AID guy. And indeed, Carlos, I mentioned this briefly earlier—we shared an office in Khartoum in the early eighties. Carlos is eight or nine years younger than me, but—so I was *the* most junior officer in the whole USG community there in Khartoum until Carlos came in. So, Carlos, I can't tell you how our offices were in Khartoum, I mean, unless you have another hour or two, but we shared one. Very spare. We had—each of us had a desk but that was about it, and we hit it off right away and stayed in touch for quite some time. Last time I saw him was when he was at Brookings, I think, and he was vice president for strategic studies, I believe.

So, he spends a year or so trying to, again, structure this place, bringing in an interagency group on the six or seventh floor in the building on Virginia Avenue just north of new State, and that's where he gets established. He brings in AID and uniformed guys and State guys and an intel person or two and begins to form a structure, a unit per his writ in order to examine conflict, and determine, through some type of methodology, a means by which we can anticipate it and work to avoid it. And he did that, and he established it and was hoping for some money. Well by late '04, when Congress came out with that fiscal year's budget, S/CRS did not have a line item, and so he left in late '04. I came in then, as I say, in late '07, if I recall, and started out with Marcia and Charlie—I'm sorry.

And there were a number of—and Herbst was there at the time. He had taken over from Carlos, yes, John Herbst, who had also, as you know, been ambassador to Kiev, to Ukraine.

Q: Okay. So, let's describe what S/CRS was supposed to be or ended up being. Secretary Rice wanted, in addition to being able to put money in the right places, also wanted to beef up the skills that State Department people had for these new conflict zones and that was the purpose of CRS?

KRANSTOVER: Yes. And so, and perhaps this reflects the fact that Congress didn't give S/CRS any money. I think what we call the militarization of foreign aid starts happening in the late nineties and into, certainly, the first decade of this century. And there is—we've become enamored with—not unreasonably, particularly when you're talking about humanitarian issues and conflicts and things like this that require quick responses—with the ability of the military to respond.

Rosa Brooks, who was at Georgetown, a lawyer and a political appointee in the Pentagon during the Obama Administration talks about the fact that everything becomes, when you're in the civilian side of things at State and indeed a civilian at the Pentagon, an emergency call to 1-800-MILITARY to solve your crisis. Because of their "lift," their huge amount of money and capital and instruments and people, it can make sense when responding to a crisis.

I don't have to tell you about the tremendous gap with respect to a particular—the civilian and the military cultures—and the, for lack of a better term, ignorance on both sides about what it is that each particular sector happens to do and is able to do. And AID's getting $40 to $60 billion a year perhaps in that time period, when in the sixties and seventies they were getting $20 to $30 billion. The Pentagon's getting $650 to $800 billion a year, more than—we were getting less than 10 percent, the civilian agencies are getting less than 10 percent of those budgets into the first decade of the 2000s.

Q: But the military didn't know how to do development?

KRANSTOVER: Well, for instance, right, and we can talk about that, certainly, when—if we have a chance to talk about Pakistan at some point. But the best officers, I must say, and we dealt with them a lot at S/CRS and later when I was in Pakistan, would say exactly what you said. As one really sort of Sergeant Rock type, we called him Sergeant Rock, I forget his name, he was a colonel in the army—he was right out of central casting, and ultimately we didn't invite him to our meetings at S/CRS because he just couldn't—he would just say, "I don't know about you guys, but we here in the military are—we knock down doors and we kill people. That's what we do."

Q: That wasn't useful when you're talking about how to program assistance.

KRANSTOVER: Killing people was not an agenda item. And so, we're not—but so, these are meetings of, I don't know, ten to fifteen people, and maybe eight different federal agencies represented. And S/CRS had AID, State, we had some intel guys, we had a naval attaché, we had an army attaché, we had a couple of contract anthropologists, we had—and some people who were quite capable, not only with respect to the bureaucracy, but who also were rather specialized in their particular fields. Carlos had left, I believe, a very fine structure there, and so we weren't really building the plane as we were flying it.

What we didn't have, again, being new, was this sort of bureaucratic agency track record, that helped us to get into the door and say to a geographic bureau, either in State or AID, maybe we can help you out here. We're an extra set of hands. We've got some specialization here.

Ultimately some missions would call people in and have them work and sit with them for three to six months while S/CRS was paying that bill. And maybe try and help out with an AID project or a humanitarian affairs situation. We did this in Sudan for instance. And so, by '07 or '08, S/CRS finally got a little bit of resources through something called

1207, which was the one thousand, two hundred and seventh paragraph of the Defense authorization bill, as I recall, of ’06 or ’07. That legislation said that civilian agencies can get monies transferred from the Pentagon under the Defense Authorization Act in order to take care of conflict and stabilization and reconstruction.

That was pretty much the language. It wasn’t an appropriation as we were always told by the lawyers, it was an authorization. So, you had to get a project together, then you had to get to the Pentagon. You can imagine the memos going back and forth amongst different agencies. And not only that, but visits to particular embassies which all of a sudden realize, ah, there’s yet another source of some assistance out there that we might be able to tap.

And so, S/CRS, we had Africa, Asia, Latin America types who would make trips to various places. I mean, we had Haiti where two very fine small 1207 projects started just before I arrived. We tried to get one going in northern Ecuador. We looked at Panama for a bit. Paraguay we were interested in. Djibouti, they sent me off to Djibouti and to Ethiopia and to Kenya in order to look at a couple of things there and we tried to get some things going.

But ultimately, we had—we probably had about eight different 1207 projects over the period of time that I was there. Colombia, had a good project that we visited in 2008 with—went down with John Herbst and a number of other people. Mike Hess and Tom Baltazar, who were from our OFDA (Office of Foreign Disaster Assistance) group, humanitarian affairs group in AID.

Q: All right, so I’m curious now. Around the last month of Tobias’ time, we submitted a 1207 project to use as a pilot for delivering Colombian government assistance to areas liberated from the FARC. State presence projects.

KRANSTOVER: I’m not sure. I’d have to check my notes. But I’m looking at an end of project report for 1207 that I have on my desk here for Colombia and it’s dated April of 2011.

Q: Oh, so it was a lot later. But I remember I had brought all the stakeholders in, and everybody was unified that this was a good thing to do and for whatever reason it didn’t—it wasn’t a good thing from F’s perspective. We had all lined up and everybody, the military, the AID, everybody was arguing for it. But, of course, Colombia was already getting a lot of money.

KRANSTOVER: Yes. That was a problem. Ultimately two projects, apparently, 1207, took place down there. I remember Brian Nichols, who briefed us one time, I think he was DCM in Bogota at the time. He would always say, “The Colombian government is too small for its country.” He meant that you have these vast places where there’s no institutional sort of structure and stuff. I imagine there’s—I mean, Brazil, frankly, and other countries are like that also. Sudan for that matter. The tragedy of Colombia is that

you've got this terrific history and talent too, I always thought, amongst the Colombians, some world class types. But well, that's interesting.

Q: It's a side issue. (Laughs)

KRANSTOVER: Very good. And we needed—when I got to S/CRS, they asked me to put a bit of a framework and structure around this emerging process of 1207. So, without going through these mission orders and policy procedures that I, along with a number of others, typed up, it was essentially sending out a notice, usually at the beginning of the calendar year to various missions, saying, by the way, if you believe that you have—an interesting project and you've got some issues regarding stabilization and conflict and reconstruction, send us a little concept paper. And if the concept paper is interesting and meets some other criteria, if it's got some wind behind it, then we would ask the embassy to develop the idea a bit more and then send it up to us. We'd go through a review process and hopefully sign up an agreement with the embassy in order to implement. Well, it happened, and as I say, I believe we had eight or nine by the time I left S/CRS in late 2011.

But Haiti had two. We managed to do an in-house assessment in Panama, managed very capably by my colleague Claire Sneed. We did not get one going there, even though Ambassador Barbara Stephenson was very keen about doing something for the area near the Darien Gap, essential for the security of the country. But even before this, some $10 million in 1207 was used for Lebanon in FY '06, for removal of unexploded ordnance and the equipping of the Lebanese police after the brief Lebanon-Israeli conflict that erupted in the spring of that year. The Haiti Stabilization Initiative, begun in early 2007 for $20 million, served to stabilize a notoriously dangerous and strategically important part of Port au Prince. Funds from 1207 were used in Colombia in '07 and '08 as part of a larger Colombian and USG effort to provide public services in areas of Meta Province newly liberated from FARC control. Funds from 1207 supported early dialogue with parties to hostilities in Somalia, at the same time providing resources for traditional, development activities along the Somalia-Kenya border. Notably, 1207 provided some of the initial US resources for reconstruction and stabilization in Georgia after the Russian invasion of August 2008.

Ecuador, we fought like crazy to have, and we had a good idea for that one. Our Ambassador at the time, Heather Hodges was also interested in what we might be able to offer. Both Stephenson and Hodges held country team meetings for us when we arrived.

Correa, I understand, President Correa put the kibosh on our plans for a 1207 at the last minute. It was like a $7 or $8 million project for, again, some stabilization efforts up along the border with Colombia, some education and primary healthcare things, a neat little project that I think his ministry of foreign affairs, with whom we met in January 2010, became suspicious of at the end. And there were—I got some rather paranoid questions, I recall from a General or two when I went in there with Andy Loomis, Dr. Andy Loomis, who was part of our group and who's now over at State, and another fellow, may he rest in peace, Spencer Abbot. Spencer Abbot, who was—became a White

House fellow and did his PhD at Georgetown, third-generation navy guy, pilot. Lisa Chandonnet from USAID did much of the preparation and briefing materials for this, and was also a member of our team.

We had done an interesting analysis, I thought, along the border, and the DIA (Defense Intelligence Agency) went with us when we did this analysis in January of 2010, looking at a potential 1207 project. And we had—and the mission had a very good pitch, and it was all approved and ultimately it just languished. I left, as you know, in December 2011, and then—and it just, I think, by 2012 or 2013 S/CRS just took it off the books.

It was an odd trip up there. It was a dangerous trip, as I recall. We had a whole group of plainclothes special forces Ecuadorian guys around us. And the DIA guy, a fellow—and I were together, and we were getting briefed at this military base just across the border from Colombia. It was broad daylight and all of a sudden, this machine gun opens up on the other side of the river, and I remember looking at this Ecuadoran colonel briefing us, and he was absolutely nonplussed. He was just—and he continued—. I said, "Colonel," I said, "I think that's a fifty caliber." And he says, "Yeah, I think that's a fifty caliber." (Laughs) And I said, "Well, maybe we ought to move over here a little bit." He says, "Yeah." He says, "Good idea."

So, we get back to Quito eventually, and we debrief half of the cabinet on our trip up there. And Nan Fife from the political section and the AID director, acting AID director then, Sergio Guzman, helped us set up the appointments. And Correa's intel guy. And at the end the intel guy says, "So, your trip was, okay?" I said, "Yeah." And the Quito papers had published a small article about this gunfire the day before that we had apparently heard; this "tiroteo," this "escaramuza," this incident that had happened on the border, perhaps between the FARC and Ecuadoran forces while we were standing there. Well, the intel fellow asks, "You think you're going to mention that in your report?" And I said, "Well," I said, "perhaps so." And my choice of words was perhaps unfortunate. And I said, this is all in Spanish, "Taz vez como una anecdota." "Maybe in terms of an anecdote," I said. And he went, "…una anecdota." And he went off, like, what are you talking about, "an anecdote." This is an issue; this is a major incident on our border. Not an "anecdota."

Q: So, maybe this wasn't an armed battle against two countries, you know.

KRANSTOVER: Yeah. Right. That was one of our suspicions. Or they were shooting at us. So, I always wondered if the Ecuadorans just wanted to let us know that they weren't letting the FARC in there, that they weren't collaborating with them, that northern Ecuador wasn't an R&R place for the FARC, and indeed, that they were fiercely protective of their sovereignty. So, this is January of '10, and by—and two years later the project just sort of withers. It just didn't gain that particular traction, despite the enthusiasm of the embassy and some elements, certainly, of the Ecuadorian government.

Q: So, I must tell you that when I think of S/CRS, I had a wrong impression, unless it changed. I thought it was a bunch of people waiting for a mission to go and save a country, but in fact, at this point in time, it's more about 1207 money and projects.

KRANSTOVER: So, at this point in time it's more—a little bit of money, some analysts, extra set of hands, people who can come in. But you are not wrong in that regard because exactly this type of grouping of government officials as well as contractors was talked about every year, to be established in order to take—representing the interagency and all kinds of specialties from languages to technical abilities, to bureaucratic specialties and things like this, foreign assistance and stuff. Congress regularly pushed back on and didn't want to see an expansion of S/CRS into a unit of "conflict firemen" if you will.

Elements of the executive branch also weren't interested in establishing a grouping of supposed conflict resolution and stabilization specialists. And so, what happens, like so much in the—well, I mean, as I say, there were some important things to point to. Certainly, I always felt that we had good—we had good communication with all kinds of different agencies and sectors in the bureaucracy. We were part of the international sector's thinking at the time.

We did as I recall, a 1207 project in South Sudan as the Sudanese are negotiating, as the south and the north are talking to each other. We had—and different officers and people would have various—regular meetings in the interagency and different bureaus.

I always thought that we were very well tuned in and apprised of things. I mentioned earlier Ambassador Herbst and I and maybe ten others, including some intel types and AID guys, Baltazar and Hess of OFDA and AID, spent a week or so in Colombia and went down to around not quite to Putumayo, but pretty close in one of those old Russian helicopters that scared the daylights out of me. Liliana Ayalde was the director then of AID in Colombia. And that was—we managed to get quite a lot of assistance and publicity, certainly for what we were doing in that element, outside of Plan Colombia, in small projects.

Q: Now, at this point we've moved into the Obama Administration, and there was acting officer and then Raj Shah comes in as Administrator.

KRANSTOVER: Raj Shah, right, who came from the Gates Foundation, if I recall correctly. President of the Rockefeller Foundation now. A physician.

Q: And so, he had a vision for AID, but at this point, at S/CRS, you're really part of State, is that right?

KRANSTOVER: Indeed, yes. And so, I'm not—other than dealing with AID—maybe on a weekly basis I'd go over there because they had—they were implementers on 1207 in a number of different places. I wasn't privy to, at least on a regular basis, a lot of what was going on in AID. Shah came in from the Gates Foundation, actually—but in any case, a capable guy certainly with some new ideas. That's what you want.

Q: He came in with a lot of experience in NGO development work and a belief in more evidence-based s evaluation work, not just how much are we doing but how much impact are we having. He was trying to steer the ship.

KRANSTOVER: Right, right. I mean, one administration puts a marker down and it's criticized and then it morphs and it—goes through some bit of evolution and the vestiges at the very least are still there when the new administration comes in. But this idea of accountability and tangible results and things like this, that's certainly alive and well. I would contend it always was in AID, but it had become much more pronounced, much more important, certainly, for some people up on the Hill.

Q: And now they were investing in a new program, Feed the Future.

KRANSTOVER: Feed the Future group. Right. Another, more targeted effort at getting to people who were really in trouble.

Q: Under Raj Shah, the projects were being set up from the beginning for monitoring and evaluation, with a much more systematic approach to measure impacts.

KRANSTOVER: Yeah. Paul Farmer died this week and—

Q: Right.

KRANSTOVER: —he was interviewed today—or there was an old interview of him on—an excerpt of it this morning on NPR, and I thought of him when you were just talking about this because that—I didn't know the man, but I read a couple of books about him and Tracy Kidder's biography. He was all about locally based, locally based stuff, right? Targeted. And just bringing in some kind of accountability into—making that an important element of your project.

Q: And also under Raj Shah they were trying to go back to a lot more local sourcing of implementers and get away from large contracts with just a few companies, is that right?

KRANSTOVER: Always a real bugbear with AID. On the books, in the legislation regarding our policies, there's something called host country contracting, which was put into place in the sixties with AID. But because of its—the sort of lack of nimbleness regarding this protocol, it's really never, ever been used on a particularly broad basis for AID wherever it's been. It's meant to develop local capability - don't get the beltway bandits in there, don't get your big U.S. consulting groups in there who have tremendous overhead and who will suck up a lot of the appropriated money in order to establish nice offices and bring in a big staff, get the money to—and channel it through your government institutions. Well, lack of institutional strength in country, corruption issues, personnel. Lobbyists. Then you get—particularly in the early eighties you get lobbying groups and interested specialists and companies forming and coming in now. The big one was when people started to realize, it was in the early eighties—late seventies, early

eighties when the Food Research Institute formed by Dr. Jean Mayer at Tufts was established, and all of a sudden, they have some congressionally appropriated funds. Well, any number of organizations from Robert Nathan, who was one of Eisenhower's friends and did Nathan Associates, and whose thing was Trade Not Aid, he started that in the fifties—started to lobby the Hill for getting some of these appropriated monies.

Earmarks come in—for not only countries but elements of your foreign assistance budget too, primary healthcare, university research, education, elements like this, that are sort of artificially carved out of—and underlined in the appropriations bill, not literally underlined, but indicating that this country needs to spend this much money on this particular sector. This was mechanistic.

Again, not really reflecting an analysis or anything like that, but just indicating somebody's belief that particular country "x" needed to do so and so in that particular sector. So, Shah's whole re-contracting effort was a great idea, good idea—and I thought they had some relative success in shifting contracts away from the bigger U.S. contractors and firms.

Q: But let's go back to S/CRS. So, you were there for four years?

KRANSTOVER: So, I guess I was there for four years, from what was mid, late '07 to late 2011, yeah. And I must say—

Q: And did John Herbst leave there before you?

KRANSTOVER: So, John I thought left in 2010, maybe, and I've been desperately looking for the name of his replacement—Robert Loftis, there it is, career officer who had served as Ambassador to Lesotho from 2001 to 2004. I believe he went on to teach at Boston University. Rick Barton then came in to take over in December of 2011. He had been with USAID and also served in Geneva with rank of Ambassador at UNHCR. Rick had also set up the Office of Transition Initiatives (OTI) at AID early in the Clinton Administration.

Q: And so, at the beginning you had a structure without money or people, many people. At the end, what did you think you had at the end?

KRANSTOVER: At the end, we were, I thought, a little bit of a player, certainly, in this whole business of not only economic development but this new aspect of conflict and reconstruction and stabilization, indicative of how awful it is out there, I suppose. And we're being included in inter-agency meetings. Herbst was in the Secretary's meeting every morning. He'd come back at 8:30, 9:00 and if he felt necessary would give a little bit of a brief. And he was—I got to like him very much, a very quiet, cerebral guy, I thought. A Russia expert, for the most part, and Central Asia. He was ambassador to Uzbekistan before becoming Ambassador to Ukraine. He kept things together, I think, and gave us some—certainly gave us some profile through the Interagency Management System, which follows a Presidential Directive.

In Colombia during our trip, he met and communicated a bit with a very low key but connected official named Sergio Jaramillo, who was President Uribe's security advisor, and eventually became the Colombian government's Peace Commissioner and led peace talks with the FARC and others. He came to Washington to speak with us after our trip, after our '08 visit there. And they got along quite well, John and Jaramillo. John didn't know much about Latin America, as he happily admitted to some of us. He was eager to get down to Colombia however and see Colombia and find out exactly what was going on. That was a great trip for about a week.

Q: And were you doing only Latin America or were you doing more?

KRANSTOVER: Well so, yeah, I—Tom Moore—who was a political officer and who went off on assignment after this, was our office Director in S/CRS—sent me off to the Horn. And I'm not entirely sure how I got that one, but that was in '09 or '10.

Q: There were food issues going on in the Horn then.

KRANSTOVER: There were food issues, there were concerns about the Ogaden much of which the Ethiopians had taken in 1978 with Cuban assistance. Djibouti after 9/11 had become our newest best friend. And they had issues regarding—you know, there's only some 800,000 people in Djibouti, and they control Ethiopia's access to the Red Sea. That's where the railroad terminus is and that's where the road goes up to Addis. They're next to Somalia, they're across the straits from Yemen.

The French Foreign Legion has its only remaining base there on the Africa continent. The USG had established the Horn of Africa Joint Task Force, HOAJTF, which was contiguous to the French Foreign Legion's base. So, I'm not sure if we called them or if they called us from JTF, but I recall that two public affairs officers visited us from Djibouti. Somebody needed to get out there, and not everybody was champing at the bit to go to Djibouti. So, Tom Moore sends me.

I started out in Nairobi, which helped us to understand Somalia, because the Somali section for the U.S. embassy was in Nairobi, headed by a special envoy, retired ambassador. And then Addis, and again, we did a—I believe the Embassy gave us a concept paper for a potential 1207 for Ethiopia. I then went down to Djibouti and spent, I don't know, a couple of days there. I was able to brief about 30 uniformed personnel at the base on 1207 and S/CRS–afterwards, the commanding officer took me into his office and asked if we could draw something up with 1207 which would allow them to do some "kinetic" activities. DOD had access to "1206" monies which allowed them to do that in any case, out of the same legislation as I recall. I said no. My emphasis was on civilian, locally based preventive activities. Despite not getting something concrete, I thought it was a fruitful trip, if only because most of the military was not familiar with our writ.

You're trying to figure out, as a new government grouping, what's going on there and who's doing what to whom. I had been to Ethiopia just a couple of times before when I

was in the Sudan and indeed with—at one point going through—well, yes, Ethiopia. And so, I wasn't unfamiliar with Ethiopia and knew about Mengistu and the Derg and the civil war there. I may have mentioned earlier that while assigned to Sudan, a half a million Eritreans and Ethiopians were living literally around Khartoum at that time, so that whole area wasn't completely unfamiliar to me. And I had made a couple of visits to Nairobi on occasion too.

We tried to get something going in Djibouti. But the lack of staff there was an impediment— and the US Mission there just couldn't seem to come up with a common theme or idea. And the military presence loomed so large. The USAID and State personnel weren't entirely sure, as I recall, exactly what it was that they wanted to do.

The intel guys in Djibouti, frankly, one of whom I spoke to, were a little concerned about Somalis—Somali refugees wandering into Djibouti. At that time, and this is a commentary on the state of affairs in that particular part of the world, they were seeking to go to Yemen because—so coming out of Somalia, going through Djibouti, spending some time there, getting connected with traffickers, who would then take them to Socotra, the island in the Arabian sea—just off of Aden, or, indeed, get them to the mainland of Yemen and just dropping them off. And they were a bit concerned about that becoming a regular flow and being destabilizing for Djibouti. So, we talked about setting up some type of pre-processing, assessment mechanism in Djibouti. The UNHCR (United Nations High Commissioner for Refugees) needed some help actually. Setting up some type of institution or element or procedure whereby at least that group of people could be tracked was a good idea, but who had the experience to do that in the Inter-Agency?

Q: Peter, so is there anything else that you wanted to talk about S/CRS? Or projects that were notable or just the whole idea of the organization, which continues to this day. You talked a little bit about Colombia and a little bit about Djibouti.

KRANSTOVER: Yes. So, we were never able to get anything really moving there in Djibouti. And I don't know—and again, part of this, for my money, is lack of staffing. You've got to put a project together and the missions I was in in the eighties and the nineties, had sufficient staff who could sit down and produce proposals, go on a field trip and come back and write things out and describe some of the characteristics and constraints one faces, and suggest what is a reasonable approach to a problem.

That process is consistent with the appropriation language and it's what—it's what the government wants. So, you had this long process of project development that requires some professional depth—I mentioned earlier the big water and sanitation project that Secretary George Shultz signed for us. That was a terrific example of U.S. and Honduran government cooperation at that time. But by 2010, 2011 you're in places like Djibouti that have—are primarily defined by their strategic importance to us as opposed to necessarily being of great concern regarding education and healthcare and those matters.

This is not to say that we didn't do interesting things there as a government. There were some small and effective USAID healthcare operations, for instance, in Djibouti, run out of our small office there. And Ethiopia had a number of these too. Ethiopia had a big food distribution program still, PL-480, at the time, that they were implementing. And Nairobi was so big, and they had everybody there, and indeed, even the defense attaché's office was drilling wells in various rural areas for the semi-nomadic herders. I remember getting a brief from those guys, and we essentially agreed that they didn't need us. They had the water issue covered in the neediest part of the country. It wasn't—the worst thing you can do, of course, is to be redundant or cause overlap or—get into an interagency dispute.

Q: Well, I was going to ask you whether it made sense to have this office in State instead of have it in AID, but then I remembered that ambassadors from small countries in Africa would come in to the Economics Bureau expressing frustration sometimes because they didn't have an AID mission, they didn't have much attention, only contractors came through and that really wasn't the same. A lot of the time it was a struggle for them to get funding just to get a local employee to be the point person for these AID projects that were being done remotely. So, I guess AID was no longer set up for some of these countries to do this kind of work either.

KRANSTOVER: Right, right. And then you have other—you've got other sources and other government institutions. Also, don't forget that you—and this came home to me when I came into Washington in '98, you also have this international sector of NGOs and private charitable contributions that dwarf, really, our—in many regards what we're able to contribute as a country from an official standpoint in terms of funds.

Q: I was very deluded, I guess, because I thought S/CRS was formed in order to address the Afghanistans and Iraqs of the world, but it wasn't, eh?

KRANSTOVER: There's a story there that I'm only slightly familiar with. But I recall that—and speaking of Iraq, putting it in the same basket for the moment as Afghanistan, that a conscious decision was made early on not to bring S/CRS into Iraq or Afghanistan because of the particular scale of that operation, as well as the fact that there just—the structure wasn't there yet, and indeed, that kind of money wasn't available. Interestingly, Ashraf Ghani came by our offices in 2009 I believe and a few of us had lunch with him and one of his aides. He ran in the 2009 election and then was elected Afghan President in 2014. My sense was that he was just making the rounds at that time, testing the waters of what he hoped was USG support. Tellingly, and at this remove, I really cannot remember anything notable that he said.

OFDA was supposed to get in there, into Iraq, quickly, but it didn't move fast enough and Natsios essentially made some personnel changes relatively quickly with USAID and OFDA. He had approached OFDA in 2003 and pushed them to engage in Iraq, get people and resources and funds into Iraq. Well, some of the career types there, as well as one of the political appointees, I understand, said, Iraq, eh, not our writ. And it's—well, what don't you get here guys? You're government servants, you're public officials. All hands on deck.

Q: Office of Foreign Disaster Assistance you're talking about.

KRANSTOVER: Exactly. Exactly. They enjoy special signatory authority in order to move funds quickly. The tsunami, the tsunami in '04 in Asia and stuff like this were—yeah. And any—Mitch, Hurricane Mitch in '98 and things. Terrific, did terrific, heroic things in many regards.

Q: Haiti. Yeah.

KRANSTOVER: Yes, right, right. The Haiti earthquake in January 2010.

So, just to perhaps wrap up S/CRS because you, I think you were alluding to it a little bit by your question about my time there; one reason I went over there was not only because somebody suggested it to me, but also I just thought it was a much more active and interesting kind of operation that reflected the new area, this whole sector of low intensity conflict and the new order of things that you and I have witnessed in any number of places.

And I thought—and they talked about having a Latin American type or three that—who had been in the area and certainly—and could speak the language too. And then, for some reason, they felt I should go to the Horn of Africa to look at some things too. I mean, we had people going into Timor-Leste after that bloody independence conflict there.

We had a couple of people go into Sri Lanka. Kyrgyzstan, looking at that. And I thought Kyrgyzstan got a 1207. Sri Lanka may have gotten one. And as I say, South Sudan, which was looming high because of the negotiations and things. Kenya received some funds from 1207 in 2007 after riots following the elections there as I recall.

We made a visit to Paraguay in 2008 with State and USAID's blessing to see about doing a small project in the eastern, northeastern part of the country. Fernando Lugo had just come in as President in the first peaceful transition of power in that country. But again, it did not get traction. John Beede, USAID's very capable Director there and a friend from my LAC/USAID days, would have liked to have had something like it, but he just did not have the staff to put it together. And Congress appropriates then in fiscal year '10 and '11 something called the Complex Crises Fund for USAID of about $90 million in total which is a bit easier to access than 1207. So, there was that too. It was in lieu of giving actual appropriations to S/CRS under something we had requested that year, called the Stabilization Bridge Fund. But we are very into the weeds here now.

Yet for me, it was the kind of unit or office that everybody should be supportive of with respect to our reach, our international reach, our foreign policy stuff. We were assiduous, I thought, in moving outside of, as somebody said, the silos of excellence wherein nobody's talking to each other and everybody's fighting and nobody's cooperating as you should. But it was a bit of an experiment and didn't get the kind of support, initially in any case, from Congress that one would have hoped. But of course, now, as I say, it's

Conflict and Stabilization Operations in State, headed by an Assistant Secretary and that's a reflection in part of the state of the world out there too, don't you think?

We mentioned the military, you know. The military guys were, for the most part the uniformed guys were, I always thought, very capable and they knew about staying in their lanes. The best ones were always quite aware of the limitations of their big bureaucracy and what they could do and couldn't do. And I'll talk about this a little bit later, but this was clear when I went to Pakistan then after—in what was essentially—in January of 2012, wherein we had an $850 million a year program. This was the Kerry-Lugar bill that came about in '07, 08, if I remember right.

Q. Right.

KRANSTOVER: But I don't see—there are economies of scale to be realized by bringing all of these formidable agencies, with the backing of the U.S. government, together, focused in on a particular place. I think in some instances you can do absolute miracles. The problem is, sustainability is what you want – as opposed to just getting in there and just patching things up and then leaving, like we would ultimately do in Iraq and Afghanistan. People would serve for six months to eight months, perhaps a year and then they'd leave, on the military side. And then nothing would happen. They weren't talking to the AID guys; they weren't talking to the other USG agencies. And then, Congress loses interest, and you don't—and no policy reforms are put into place, and you declare victory and you sort of walk away. Well, I thought the S/CRS grouping was a valiant attempt at trying to bring everybody together and to actually get something accomplished, and to do so in—to use that overworked phrase, this whole of government approach.

Q: And it was too small—it was too small at that point.

KRANSTOVER: Too small, yeah. Yes. Good point. In a word.

But good people. It was a great job, particularly towards the end of my, if you will, my career there. But more on that on Wednesday, I guess.

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Q: So, good afternoon. It is March 9, 2022, and we are continuing our conversation with Peter Kranstover.

So, Peter, I think we left you in the year 2011; 2011 and you had been at the Secretary's office of Conflict, Reconstruction and Stabilization as a senior advisor for four years.

KRANSTOVER: Right, right.

Well, when you get to a certain age and a certain experience level and you don't fit into all those government personnel categories—a traditional personnel category, you become a "Senior Advisor."

Q: Were you planning on retiring at that point or what happened?

KRANSTOVER: Yes. So, as you appreciate, these things sort of come about organically and it was 2011 and the last thing that we focused on, some people in S/CRS certainly a bit more than me, was Libya, as things began to fall apart there in January, February of 2011. We had any number of meetings, in which I participated regarding an approach there, and that was quite interesting because we had no Libyan experts really in the State Department anymore. Everybody had left or retired, and it had been thirty years, thirty, forty years since we had had any fully established presence there. And of course—

Q: And this was during the Arab Spring and—

KRANSTOVER: This is the Arab Spring, the Arab Spring comes about in 2011 of course, after the incident in Tunisia in the market things began—

Q: And Qaddafi gets—he starts fighting, but the resistance starts fighting back.

KRANSTOVER: Right, right. So, we would have these interagency sessions at the working level, hosted at S/CRS, with intel guys and AID and the Pentagon, just trying to keep a handle on this. And ultimately—S/CRS did an awful lot of reporting for the interagency in that regard. People couldn't get in and out of there, and for a while the ex-ambassador would come in and he would go into Benghazi or Tripoli and then he'd go out for just a couple of weeks at a time.

And eventually, Chris Stevens got assigned there, to Benghazi. That took about, as I recall, Robin, about a year, really, to get Amb. Stevens in there. I remember in early 2011, we would ask that the security budget be increased for those trips that Cretz and others were making, in order to give him a little bit more predictability and safety. And the undersecretary for management at the time just wasn't having it and didn't think that it could be afforded at the time. And so, not to go into all of that, but of course, we know what happened ultimately because of a lack of communication and all kinds of problems, certainly none of which were of a conspiratorial nature, as I think the right started to suggest, particularly with regard to Hillary Clinton. I think it was just a major bureaucratic snafu because of a lack of intel and creative approach to that whole place. Cretz had been the last ambassador that we had had there before the Arab Spring, the last formal connection, right.

Q: And then, Chris bravely went into Benghazi to work with them, but later he came back, and that was after your time, I believe.

KRANSTOVER: Yes, it was, yeah, right. I was then in Pakistan.

So, at this time, Anne and I, as I mentioned earlier, were planning on coming back to Wisconsin in order to take care of elderly parents and in general, just make a transition. This is after some thirteen years in Northern Virginia, and both of us enjoying really, very satisfying jobs and careers both with the government and USCRI and Anne with the private sector. In July of 2011, as Anne and I planned our departure from Virginia for September, I received a call on my cell phone at 10:00 a.m. from Islamabad from Roger Garner. Roger, who had been an AID colleague from my Latin America days, was now serving as the number two in USAID/Islamabad.

I remember him saying, "I understand you're retiring." I said, "That's my plan, Roger." He said, "Well, why don't you come out here?" And I said, "Well, thank you very much, I'm very flattered if not a little disarmed. But I said, "I'm pretty much on my way to Wisconsin." I said, "What would you want me to do in Pakistan?" And I continued, "And you know, I've never been in that part of the world." And he said, I'll never forget this, he said, "I really need some more adults out here." (Laughs) I said, "I understand." I said, "Let me think it over a bit and I'll get back to you." And I did, and within about a week after contemplating this, talking to a few people, of course, who had been in Pakistan I agreed to go.

We made our move to Wisconsin in September, and I went back then to Washington by myself for the remainder of 2011. Anne and I spent a week or so here, unloaded the truck and I flew back to DC, and I moved into Bob Gersony's house in Great Falls in a basement apartment while I finished out my contract with S/CRS, driving into work every day and gracefully leaving, I believe, just before Christmas. In early January, I flew back out to Washington, was sworn in again as a Foreign Service officer with USAID on a limited appointment, five-year appointment. I found myself on a plane for Islamabad in January of 2012. I had, among other things, a disc in my computer on Urdu and a phrase book.

Q: Were you planning on going for five years?

KRANSTOVER: No. My appointment was for five years but this assignment was for one year, which I extended for about 6 months. I think somebody in personnel—there were two people in USAID personnel who didn't do anything except Pakistan and Afghanistan. Because again, here we are, we've got the Kerry-Lugar bill, right, which comes into play in, I think, '09, and that was approximately $800 million in foreign assistance every year for about five years. And Pakistan not having had—there was that interregnum from about '92 to 2001 wherein we had no real USAID presence in Pakistan.

We didn't do anything with respect to an AID office or foreign assistance there in Islamabad because they wouldn't sign the nuclear nonproliferation treaty, which triggered the Pressler Amendment that came into play. Dean Hinton was there during Zia's time. Anne Patterson came in quite a bit later. But Zia and then Benazir Bhutto certainly later weren't about to sign the treaty. So, that triggered, of course, a prohibition on any kind of foreign assistance. Nine/eleven comes along, and the story that I'm sure you've heard, it's still a bit apocryphal for me, but it was Deputy Secretary Armitage going over there and

talking to General Musharraf after 9/11 and saying, "You're going to help us out now. And if you don't, we're going to make things difficult for you." I think he may have used some more colorful language. So, from there—all of a sudden, not unlike us getting close to the Djiboutians after 9/11 also, we're attempting to stand up a big program quickly. They did that very quickly and relatively effectively. But by 2011, there's still this massive amount of money that Kerry and Lugar had put together, civilian assistance. I'm not talking about the military side of things, right, that was there, and INL.

Q: It wasn't being spent or it was just—?

KRANSTOVER: It wasn't moving real fast initially. There was—and that—for any number of reasons, but there were some places which, particularly in the north and in the west, in the Khyber Pakhtunkhwa, what used to be called the Northwest Territories, was off-limits to us. The area around Quetta, to which frankly a lot of the Taliban from Afghanistan decamped after 9/11 was off-limits to Americans, and so we were really quite limited in being able to move around most places and draw up projects. We had, and still have, as you probably know, a consulate in Karachi, and that city of 20 million people, which used to be the capital up until '61 of Pakistan and then it was moved to Islamabad, was—

Q: Twenty million, right?

KRANSTOVER: Twenty million, twenty million. It's described in this book by Steve Inskeep called *Instant City*. And that was the, certainly the commercial hub of Pakistan for decades and capital. But we couldn't get in there either, other than to just fly into the area, get picked up at the airport and then go to the consulate, which was sort of on the outskirts of Karachi. I have to add I never had a reason to go there. I would have liked to have seen it nonetheless, but I didn't get there.

Our focus was really on doing a number of things in not only development assistance but also emergency flood response and recovery from floods that had occurred in 2010, if I remember correctly, and before that earthquakes a couple of years before. And some 80,000 had died in these earthquakes in what I believe was 2005 and those programs of reconstruction, food, medical care, establishing schools and health clinics and things like this, those were still going on to the tune of a few tens of millions of dollars every year in terms of disbursements.

On top of that you had civilian assistance regarding energy, economic growth. You had civilian law enforcement, rule of law, counternarcotics, education, health, social and humanitarian assistance. We had cash transfers which went to internally displaced people, certainly up in the north and along the border area. There was a Malakand housing operation way up there in the northwest, the Malakand region, which had been subjected to a lot of violence and destruction, managed by the OTI section in the mission. And then, there was a democracy and governance element also. And over the period from about '09 to, say, 2014, we're talking about $3.3, $3.4 billion in disbursements to the Pakistani people. And a lot of it was not directed, certainly, through the GOP,

Government of Pakistan institutions, but rather international and local consultants and civil society groups and stuff.

Q: So, the numbers are massive, but the country is massive.

KRANSTOVER: Yeah. This, right. It's quite—one of the reasons that I said yes to Roger Garner—I blame my Irish side—the reckless Kelley element—I'd been fascinated, I had studied Pakistan in graduate school a bit and the Green Revolution and their land system and things like this and the whole subcontinent division in '47 and I always found what I read just fascinating and interesting.

I never could quite—I remember asking colleagues in AID who had served there, "What's wrong with Pakistan?" And what's wrong with Pakistan is part of what you just mentioned; it's this—it's huge. It's the fifth-largest country in terms of population. Indeed, when I got there, people were talking about 190 million people in 2012, 190 million. A year later, the Pakistanis started to look at their data more closely and they said, oh, no, we think we've got 220 million people here now. And 40 million of them in the south, if not a few million more, particularly in the province of Sindh, S-i-n-d-h, which is where the Bhuttos come from, big landowners there going back decades, live on $2 a day. And then, you've got the north, which is a slightly different ethnic mix, and then you've got the province of—around Islamabad, the Punjab, which is where most of your military and political leaders come from. And so, you have sectarian and regional if not ethnic splits and great disparities—disparities in the land situation—what you might get in Latin America.

On top of that, you had, not unlike Colombia, for instance, a weak central government reach, just not big enough, it wasn't long enough, it wasn't strong enough, you didn't have a security presence or public institutions or indeed, a diverse sort of private sector established. Part of that reflects the fact that when Pakistan was broken off into what you'll remember was East and West Pakistan, right, before Bangladesh was formed in '72.

They didn't have much to begin with, really. The cotton that they grew would be sent to India in order to be milled, the secondary process in their manufacturing stuff was done to the east, in what is now India. Their financial institutions weren't particularly well-formed. Because of so much distrust between the two parties, there had been sectarian fighting for decades previous, a fight started immediately after division—on 15 of August, 1947 when midnight hit, and the place was to be—become independent. And partition follows a line drawn up by a British civil servant named Cyril Radcliffe who is given 6 weeks to establish a fair international border between the two countries. Mountbatten, who is the last Viceroy of India, brings Radcliffe in to help in this impossible endeavor in the summer of 1947. Radcliffe was ultimately so distraught over his work, - he had never been to the subcontinent and was using old maps – that he returned his salary for this job to the UK Treasury. Noble gesture I thought.

The Indians didn't follow through on negotiated promises that both parties had agreed to regarding the split, including cash transfers and military arms transfers and things like this for the Pakistanis. So, the Pakistanis are starting off behind the curve in terms of their now newly independent Indian neighbor, to say nothing of East Pakistan, which is ethnically and linguistically different from Western Pakistan and separated by a thousand miles.

So, you've got all of these huge issues and barriers and very quickly a bitter history that starts immediately upon the implementation of this agreement that Jinnah and Gandhi, had agreed on—Jinnah being the first Pakistani prime minister and Gandhi, the Hindu peacemaker—both of whom come out of the London Bar, both of them London lawyers and sophisticated people. Jinnah never spoke Urdu well apparently and didn't quite understand at one of his early inauguration festivals what one of the rather fundamentalist Moslem imams was saying as he maligned the Hindus and the rotten foreigners.

There have been four wars between them since independence. Four wars. Bhutto comes in during the civil war with East Pakistan in 1971 and is executed in '79, hung by Zia, who came in in '78. Bhutto, who had been, if I recall, under Yahya Khan's administration, the defense minister and foreign minister, takes over ultimately after Bangladesh becomes independent, and he starts thinking that he and Pakistan need to get the bomb. We're going to have the bomb because we're not ever going to be humiliated as we have been by the Indians with regard to the establishment of Bangladesh. We're not going to ever lose that kind of territory. And not only that, but we're going to "eat grass," he said, we're going to eat grass if it means that that will allow us to get the—establish a nuclear weapons program here.

Of course, the Indians do the same thing. The Pakistanis and the Indians get the bomb about the same time, and all of a sudden, you've got relatively scarce resources in two poor countries being used for arming these two massive countries that, by the way, really don't like each other. Zia rules until '88 when he and Ambassador Raphel died in a plane crash flying out of a base in southern Pakistan, along with a number of other people.

But from '79 to '88, Zia allows us to use Peshawar in northern Pakistan in order to prosecute our war against the Soviets in Afghanistan—and protect the Pakistani government of Zia, who became a fundamentalist and a protector of fundamentalists, certainly Saudi fundamentalists who came into Pakistan during that time. We used Zia to go after the Soviets because that was the larger issue at that time, certainly as far as we were concerned. If we could stick it to the Soviets, we would forgo some longer-term issues regarding economic sustainability and democracy and other issues in Pakistan.

Q: Of course, according to the movie Charlie Wilson's War—

KRANSTOVER: Yeah.

Q: —he brought, Zia brought us to care about Afghanistan. (Laughs) But that's just a movie.

KRANSTOVER: Yeah, yes. I think it's the late George Crile who wrote that book. But I thought, yeah, I read the book and saw the movie and I understand from one or two people who were there in Afghanistan that it's not inaccurate. It shows you what one forceful personality, Wilson, in this case, can do. And the fact that—earlier we had spoken about, when we were talking about Central America, at the time you had Central America in the 1980s and you had Afghanistan. One was a lot closer to the United States than the other, and Central America had constituents mainly in the southern part of the continental United States who were interested.

Q: Okay. Well, let's fast forward then, so ten years, because we had invaded Afghanistan after 9/11. We didn't spend a lot of time on it, and we have been, therefore the Taliban was coming back with Pakistan's help, so we decided to do a surge of civilian assistance, which is the Kerry-Lugar—

KRANSTOVER: Lugar piece of legislation, right, yeah.

Q: —piece that you were talking about, and I have interviewed a couple of ambassadors to Afghanistan about what that meant, this massive amount of money, you know, in a more spread-out country. But so, you come in in 2012, kind of early, middle part of this surge of money.

KRANSTOVER: Yes. Sort of middle part.

Q: And?

KRANSTOVER: Well, and so, I'm saying, I'm going around like the good bureaucrat and I'm saying, "So, where's the documentation for this? Where's the documentation for that? Where's—oh, by the way, can I look at that agreement regarding this particular purchase of turbines for the dam up the river. And what's our plan for next year?" And so, we had two Foreign Service lawyers there just in AID besides one or two, of course, in the embassy. But we were—we sort of crafted our own obligating agreements with the Pakistanis in an effort—and we had the authority. We could sign up—you know, Andy Sisson was the director there at the time, with whom I had worked briefly in "F" and then Jock Conly came in. Jock, who had been in Nairobi in August of '98 and been injured in that Al-Qaeda explosion.

USAID had modified the traditional documentation process a bit in order to speed up implementation. We were trying to move this money for the energy sector out, energy being a security issue. The British established the system. Pakistan has probably the most hydrologically connected agricultural sector in the world, and most of your energy, at least when I left, was being engendered by the Indus River, by hydro. And so, as one of the former heads of ISI, the Pakistani intelligence group said, the next few decades is going to be an issue over war and the highlands, the glaciers where we have our borders. Those are interesting places that we need to be concerned about, he said. I think this was Hamid Gul.

So, everything between the Pakistanis and the Indians, particularly up in the Kashmir area, where the rivers start, where the Indus starts, where the five rivers begin, happened to be of transcendental importance to both countries. And so, the Indus Water Treaty, which the British had started in the thirties, and which had been amended on a number of occasions, was always a point of contention and something that the Pakistanis and the Indians were always talking about. So, population growth, lack of canal maintenance, turbine maintenance, lack of dam maintenance – the Pakistanis are not doing any of this in a systematic way. They just don't have the funds or the people to do this.

That's where we come in and we do so by buying turbines and maintenance parts and all of this stuff in order to keep these dams that not only provide electricity, but also are essential for directing water towards these large agricultural areas further to the south. Just as important is the electricity generated for places like Faisalabad and Multan and places much further south where you had a very—and still have a very well-established textile operation and funding—employing really tens of thousands of workers, a labor-intensive employment generation sector that relies on water generated electricity.

In the two dry seasons I spent there, in my year and a half, there were riots in Faisalabad where people were being killed, people were being shot during disputes with the government because of the fact that there were these huge blackouts or brownouts for days if not weeks at a time. People aren't working, the factories are shut down, water isn't being distributed throughout the area, and you're just—everybody's scrambling, including the—including WAPDA (Water and Power Development Authority), which is the rather tortured acronym for the water and electricity authority of Pakistan. They just do not have that kind of capacity. So, we were very much focused on that whole business and trying to determine—trying to keep that going. So, that and the documentation for that, describing how funds are to be used and the negotiations for those funds was a major element of our activities, our portfolio.

What I was doing, among other things, besides being a pain in the neck to some of the people who had been there longer than me was making sure that what we were doing was accurately described in the documents. And making sure that the money was actually being apportioned to us from Washington in a timely manner so that we could sign this stuff up with the Pakistani government. And making sure that it was being disbursed in a timely manner.

I was concerned that we had rather spare documentation about it and—but I was assured that this had been approved by Washington. Nonetheless, in order—what we wanted to do was bring all of this stuff together under one big energy portfolio, in one sort of massive omnibus kind of agreement. John Morgan, a seasoned USAID officer who had spent lots of time in the area, had worked very hard on setting up a transparent and of course legal system before I arrived. Fortunately, he was there when I arrived and ultimately retired there, passing away in 2014 I believe.

Q: So, that it all made sense.

KRANSTOVER: So, it all made sense.

Q: —fixing up a dam and you're fixing up turbines that you're—the project works, makes sense.

KRANSTOVER: And why. And why. Why is that a big deal? A security and agricultural rationale for all of that is perfectly fine. It needs to be included in the agreement one signs with the government, of course. So, you're also talking with the GOP planning Ministry regularly. John did a lot of that, but I stepped in for a number of months after he became ill in 2012.

So one needs to describe those elements of security issues that certainly would make a congressional visitor, like Senator Menendez, who popped in—and I mean popped in, in a helicopter, to take a look at one of these dams one day—would understand and would appreciate. Menendez was very much concerned to see how we were doing in that regard. So, we met him up just on the Pakistani side of occupied Kashmir, or Azad Kashmir, as they call it, in order to have a little bit of coffee and lunch while he looked around quickly. He of course was on a tight schedule and took off after a very short visit.

But this whole—for me, these activities are existential, what with population density, this hugely hydro dependent manufacturing sector, and ag sector with relatively large estates, with any number of people who are subsistence laborers, subsistence farmers in those areas too, to say nothing of perhaps looming climate change.

Then you've got the pressure too from the north where your Afghan refugees are living. You had two million refugees at one point in Peshawar, although much less by my arrival. You had any number of them who had gone down to Karachi and who had established themselves there in businesses and who were fighting periodically for some kind of purchase in the commercial sector. Trucking was a big sector into which they were trying to move.

In the northwest, but also in other places in Pakistan you had this homegrown operation of Pakistani Taliban, as the writer and analyst Ahmed Rashid has described them. They had arisen out of, essentially, a freewheeling situation in the eighties and had been proselytized by Saudi-established imams who had built mosques all over the place and convinced any number of Pakistanis, tens of thousands of Pakistanis, that the West was evil, that any problem—and I'm not making this up—any problem that they would have, including blackouts, was the fault of the Americans, the Israelis and the Indians, usually in that order. And so, all of this, of course, made it perhaps the tensest place, I think, that I've ever served.

It was—I lived alone in a big five-bedroom house. I think I used three rooms of the place, the kitchen and my bedroom and a sitting room. But that's how most of us lived, and that was off—that was outside of the big diplomatic compound.

Q: In Islamabad?

KRANSTOVER: In Islamabad, right.

The diplomatic area where we worked, also had the UN offices and FAO (Food and Agriculture Organization of the United Nations) and the Brits and the Americans and the Jordanians and the Saudis and the Norwegians and the—a large number of embassies were there, including the Papal Nuncio who tends to the small Catholic community but also is involved in advocating for the four to five million Pakistani Christians there.

Q: So, you were working mostly on the power sector?

KRANSTOVER: So, mostly on the power sector. And any other thing that Roger or Jock Conley or Andy Sisson wanted me to get involved in, which in one regard, was fine with me. Every year you're getting—you're going through your programming of funds and you're responding to Congress and they're saying, so, what have you got? How much have you spent? And what have you accomplished? The reporting requirements, as you probably appreciate, were quite daunting. And so, there was an awful lot of that and just trying to keep things moving. And of course, the Ambassador there, Cameron Munter at the time, a very classy guy who had been close to Holbrooke was there doing an extremely difficult job. He kept things going with the Pakistanis, certainly, and cultivated good relationships, which at the time was extremely difficult because three things happened in 2011 that you'll recall.

Q: Right, right.

KRANSTOVER: In Lahore there was the contractor, the CIA contractor who killed two—shot two Pakistanis in the marketplace in January of 2011. And that's a whole different story. And that was certainly a bit of a mess, to say nothing about the resentment that it caused amongst the Pakistanis. In May of 2011 Osama bin Laden is killed up in Abbottabad, an hour and a half perhaps, north of Islamabad. And then, in November of 2011, about two months before I got there, the Americans—friendly fire from Americans killed some twenty-five to thirty Pakistani soldiers along the border there. The explanation was that we thought they were Taliban, that they were Afghan invaders.

So, for that first—I don't think I got into a ministry the first six months that I was there because they weren't talking to us. They weren't interested. And so, you've got this situation where you're trying to move your money and implement stuff and the Pakistanis aren't talking to you, not unreasonably so. I mean, it certainly wasn't my job, but Munter has to deal with these things while managing this huge interagency that is housed in the embassy, in the chancery, with the intel groups and DEA because of the heroin trafficking out of Afghanistan, among other things. USDA, the IRS, Justice, were there which were interested in things like extradition. At the same time Amb. Munter is going back and forth with the Pentagon because the Pentagon's dropping drone guided bombs into the northwest, into Khyber Pakhtunkhwa, into places like FATA (Federally Administered Tribal Areas) and Malakand and areas up along the border, and it was extremely difficult.

He had no say in this apparently. The story is, and it was in *The Atlantic*, I think, perhaps, in late 2012, early 2013, he had left, but he—is sitting there with Panetta, who was then—

Q: Defense?

KRANSTOVER: Defense, secretary of defense, and Hillary Clinton, who was secretary of state at the time, and Munter was saying that if DOD is going to drop these drones, he wanted to have something to say about it, or something along those lines. Well, he got backed up by Sec. Clinton.

The story is that Panetta looked at him and said, well, you don't work for me. Right? I mean, could you imagine—isn't this just—how often have we heard or experienced this lack of communication amongst federal agencies in this regard, or that kind of pulling rank wherein somebody says I know better and I'm going to do this? Or this is policy. Or, the White House is onboard on this, we're going to do this. Oh, and did I tell you, you don't work for me? Or, and this has been thrown at me at least once in my career, well, we have other intel sources on this. So, Amb. Munter eventually—so he leaves after a tough but fruitful tour. And Richard Olson, a career officer, comes in. He had served previously in the area. Much different style, but certainly a guy who's engaged in outreach, not only with the government, but also with officers there, certainly, in the mission.

Q: But Peter, did the AID projects stall during 2012, or did they keep going somehow?

KRANSTOVER: I must say that things kept going, interestingly enough. And I attribute that to two things, not only great people on our side in the mission and all agencies, but also, we had good contractors, both American and Pakistani. I think if you talk to the Pakistanis in the government and certainly around the mission, at the working level people certainly understood the importance of this type and size of aid.

I mean, displaced, refugees, huge issues regarding water, big, big stuff, was still being implemented. This is in an atmosphere of tension and insecurity. And our policies were congruent. The US and GOP were in agreement on what to do for the most part regarding development.

I remember one report at the time, indicating that something approaching sixty indigenous anti-government groups, Robin, Pakistani anti-government groups, 98 percent of which have some type of religious ethos or character, seeking to do bad things to the government and any of its allies were active in country. There's a great book, a classic one by Stephen Cohen, who was at Brookings for many years, called *The Idea of Pakistan*. I heard him talk about this one time over BBC I believe—and it was regarding Osama bin Laden and these—the killings there in Lahore and the shooting of the Pakistani soldiers in 2012, and the interviewer said, "So, what's going to happen?" He said, "Well, we'll muddle through. We'll continue to muddle through."

Somebody, perhaps it was him, described our relationship with the Pakistanis as a really bad marriage, but the partners are too old to move out of it. The place is just so strategic. I mean, you've got Iran to the west, you've got Afghanistan to the north, and you've got India to the east. And it's just—in a hugely densely populated area, such that—I mean, talk about a tough neighborhood.

I must say with respect to the Pakistanis with whom I worked, and in the government as well as in the embassy, there were some real-world class individuals there. And I remember in graduate school too, with—at Oxford, for instance—you know, Bhutto, Benazir, as long as we're dropping names, was President of the Oxford Union when I was there, and I just saw her once—I didn't know her—so you had, not unusually, this upper-class, well-educated—in Pakistan—grouping of Pakistanis who were Western European or U.S. educated types who are now the technocrats running things, certainly, in Pakistani government and in the private sector too. And had links all over the place too.

Bhutto encouraged—Benazir's father, Zulfikar Bhutto, encouraged doctors and nurses to move abroad in the early 1970s, out of the country, saying that this would be good because Pakistan needed foreign exchange. And they went abroad, to the Gulf States and Saudi Arabia and the UK and sent back remittances, because Pakistan needed dollars. I mean, that was part of his economic policy in the early seventies, mid-seventies. He of course had qualified people to do so. When Bhutto started his administration, he represented a nationalist, secular, leftist trajectory and was a founding member of the nonaligned movement

Q: Yeah.

KRANSTOVER: But there was—there is that element, certainly, amongst the Pakistani commercial and government sector that I always felt was hugely competent and capable. And then you've got this—the vast majority of your population, which in some instances really has no conception, I don't think, of this—of a—I want to be careful here, larger nationalist sense, writ large, of a geographic area that they all—for which they all pull together. And it's— complicated.

Q: When you went to briefings about Pakistan, and they would describe the border areas. And they would sound—like, they would use, people would use words like feudal and medieval, and they would keep kind of backing up and biblical, they would kind of back up in time. I don't know if these are the same areas that you're talking about or the groups that you're talking about, but it would sound like there was just a whole different culture in some ways; more of a tribal ethos, I guess.

KRANSTOVER: Yes. And this is true I understand in the northwest and in the north there, certainly. In isolated places I have been around the world, a common element is no outside challenge to the prevailing manner of doing things. No lively openness nor debate. Without that, be it by the internet, newspapers, a decent road network, an opposition political party, I think one gets a corrosively predictable routine unconcerned

and suspicious sometimes about progress or anything that might be different. Chad, South Sudan, and parts of Colombia are like this.

In Peshawar, where we had a consulate—while I was there, we pulled out of Peshawar because there was an attack, a bombing at the time against two of our Foreign Service security guys, two DS guys, each of whom was in a different SUV, passing down the street. A fellow, a suicide bomber came out of a side street, got between the two SUVs and he blew them up, blew up the two SUVs. The SUVs went up in the air, they flipped over, they came down on their roofs. The drivers and the two DS guys survived, thank god, they walked away from it. But it was after that that we really scaled back operations there, having done so already, before this incident.

Our FSN nationals in the Peshawar consulate would go home and they'd get pulled over by ISI or by local cops on occasion, they'd get harassed, someone got beat up, and indeed, you had this sort of schizophrenic, I found, element in society wherein you could move around in certain sectors but not in others—and I only, unfortunately, started to get into this towards the last eight to nine months of my time there, but I found socializing and perhaps seeing an art gallery or going to a restaurant or stuff like this was just—well, it was wonderful to be able move a bit, even if there was also come sense of uncertainty, and extremely difficult to do so.

It's worth mentioning that I did find Pakistan one of the more unsettling places in terms of security. I had been—a number of us had been threatened once or twice, somewhat obliquely, and late one evening were informed by the Embassy that our names had been found on a list taken off a suspected jihadi by the Pakistani intel guys. Also, just in the market area one day I was followed by a fellow as I was coming out of a bookstore and heading home which was just a couple of blocks away. You were very much constrained in being able to move about.

On the other hand, I mean, you could have been, and certainly in some places in Islamabad, in any large city in the world, in terms of its sophistication or cosmopolitan nature. I confess to having broken protocol on a couple of occasions when—I'd walk out of the house—there was a little restaurant about three blocks away, and we all had guards, you always had two guys on duty. I had four guys: two guys in the evening, two guys during the day. They had a little apartment below—and kitchen below, in the house. And I'd always say, I had enough Urdu, I'd tell the guys, "Going to the restaurant." I'd put my cell phone in my pocket, cash in my pocket, and I usually had *Dawn*, a very fine English daily newspaper. And oftentimes I'd take a bottle of beer with me, and I'd put that in my back pocket, and I went up to the restaurant, and always after sunset. Nobody could see me, the streetlights were bad or non-existent. I'd slip into this restaurant near the marketplace, and I'd have a decent dinner, and I'd give the bottle of beer to the maître d', this, of course, older Pakistani guy who popped it for me and gave me a glass and then I'd eat, read the paper and head home.

I found it a fascinating, fascinating place. And the guys, the guards are all, mostly, former Pakistani military who are Pashtuns for the most part. And there's something called

Pashtunwali, which is—I can only loosely translate it as machismo, really. I thought the Pashtuns sort of made the, with all due respect to my Mexican friends, or redefined the term "macho." If you—if anybody had hurt me or had hurt anybody—if they had—or any other member of the embassy community or the official community, those guys not only would have failed in their jobs, but they also would have been deeply ashamed. They would have been—it would have cast doubt upon the competence, if you will, of their abilities and the honor of their tribe.

Just one thing further to this, because now you've got me spun up, Robin, but there's a wonderful book by Winston Churchill called *The Malakand Field Force*, and it was a book—he did—I thought—he did *The Malakand Field Force* and then he did *The River War* on his time in Sudan. After which he went to South Africa. I think it was in that order. But he talks about having—he had Sikh rank and file guys and some officers with him, and he's a young officer, he just inserted himself up in what is now northern Pakistan, using his connections as this upper-class Brit, and fortunately didn't get shot and killed during this time.

Churchill uses the term "scorched earth" in his book, as—referring to the fact that the Brits would go in and they would wipe out villages if the imam, if the Moslems—wouldn't cooperate with them. Others, the Brits would pay on a regular basis a stipend to put it politely, in order to keep the peace up there. And that prevailed. That prevailed and there's a different—it's subsidies 2.0 now, with respect to the central government in Pakistan—these are provinces that have, for all intents and purposes, local government, but that's also where you get your real hardcore, hardline, local Taliban who—into which a lot of the drones were being dropped because they were havens not only for Afghan Taliban, but also for Pakistani terrorists who were intent on wreaking havoc.

Q: So, originally, I think this massive assistance was designed to try to have some synergies between Afghanistan and Pakistan. So, did you have much contact with your counterparts in Kabul?

KRANSTOVER: No. I did not. And I don't know that there was a lot of communication, frankly, between my mission director, Andy Sisson or Jock Conly during that time, with Afghanistan. Interestingly, there were a number of people, of officers, AID officers if not State officers serving in Islamabad with me who had served in Afghanistan. Indeed, a couple of them had done a tour in Afghanistan, one in Pakistan and then gone back to Afghanistan and then come back to Pakistan. Not unlike you get in the Latin America bureau or other places sometimes.

Q: Okay. So, was this basically the whole theme for the eighteen months you were there? Or was there something that changed it?

KRANSTOVER: Pretty much, you know, it was a moving—it was implementation—a lot of the money had been—was in place, had been set up, so a lot of it, in my instance, was not only making sure the documentation was accurate, but also that things were moving

along. And if they weren't, then what was the issue and what was the problem? And we were also asked—we had a regular meeting that I would—I got to attend on a number of occasions with Washington, known as the 12,000-mile screwdriver meeting, where Washington is saying, what have you done for us lately? And so, this special envoy, Hillary's number two there in the State Department, he was from Minnesota—uh.

Tom Nides. That was his name. He actually visited Pakistan twice while I was there, as did Raj Shah. Nides is now our ambassador to Israel. At the time, he wanted us to shift money over to this monster dam construction project called Diamer-Basha, which a decade ago, Robin, the Asian Development Bank didn't want to touch with a ten-foot pole because of environmental considerations, to say nothing of the fact that construction required moving a few tens of thousands of people, Pakistanis, out of the watershed, so these places could be—so the dam could be established and the place could be flooded. Twelve billion dollars is what they were talking about at the time to do this. No one in the Embassy thought it a good idea. For about a year we would gently push back and say, it doesn't look like it's really feasible for any number of reasons. Nides was after us to do that and fortunately, as far as I was concerned, it never got—never really got legs. But of course, it would have made a huge splash regarding our relationship with the Pakistanis. I don't know that the Pakistanis were all that keen about it though, either. The whole scale of it was, it kind of dwarfed everything else.

Q: It was a time at the banks, the Asian Development Bank, the World Bank, that they were not big on that kind of project of moving massive numbers of people, destroying the environment.

KRANSTOVER: Yes, correct. The British had moved people in the thirties and forties when they built some of the earlier dams.

Q: Right.

KRANSTOVER: I mean, they took—actually, they gave them visas to England.

Well, I spent about six months longer in Pakistan than I had originally signed up for, and that was—I guess they liked me and so, they wanted me to hang about. Every three to four months, as in Iraq and in Afghanistan, you get flown home. You know what those flights are like. Door to door it was like thirty-two hours I remember, from Islamabad to Milwaukee. And my, again, the domestic scene here was, with the parents and stuff was—I had actually come home in the middle of my tour for my father-in-law's funeral, who was living here. We put my father in a veterans' hospital after he broke his hip in the house. Anyway, all of those things came to the fore. Having those trips, as long as they were, helped considerably with this domestic scene.

I did make it up to the mountains on maybe three or four occasions with several people, including Steve, Steve Maloney and his wife, who was this wonderful guy who was Consul General, and my USAID friend Tom Morris and the medical officer there, Dr.

Bob Lorinser, who's running for Congress, by the way, this fall, in the upper peninsula of Michigan. But he and his wife—

So, we were able to get out on occasion, but you were just so constrained by movement, and you were—you were in the office six days, six and a half days a week, all the time.

Q: Right.

KRANSTOVER: And the summers I thought were brutal, not only because of the weather but also because of the regular transfers out. So, I stuck around for about six more months than originally planned. Roger said, "Come back," to which I said, "I'll think about it."

I was flattered to be asked. I thought it a privilege to serve in a place of such importance. We had done some good things. We kept—women's rights, women's civil society stuff, even, we had a great program in that regard. We had human rights reporting. We were giving money to NGOs, local NGOs that were doing things in that regard, besides the publicity heavy things as in the energy sector. And I'm not—and you know, I'm not talking at all about the whole military budget and the amount of money that was going into the Pakistan armed forces, just to keep them going nor the DEA and the DAO (Defense Attaché Office) offices that were quite remarkable in their scope. And I was just tired. I was tired. And so, I thought that it was time to go.

One instance which sort of put the cap on my decision to return home, I don't mind recounting; I'm not particularly proud of it—and it's under that rubric of lack of government coordination. We received a twenty-hour notice from a relatively young officer in the Embassy political section that the principal deputy assistant secretary of defense for Asia and Pacific security affairs was coming from Washington. This officer had come over to my section without any preliminaries and asked where our brief was. I said, "Well, we might be able to do our brief a little bit better if we had seen yours, which I understand you sent up to Washington last week. I don't recall getting a copy of that." And he said, "Yeah, well, I'm sorry about that, but you've got to work—this guy's very much interested in the money and what you guys are doing." I said, "We can do something like that." I said, "We'll be there tomorrow."

I went on to say something like, "But don't ever step foot in my section again without first giving us a heads up. I understand also that you fellows have told our visitor that USAID is dragging its feet on implementation. That was unnecessary. As I say, we'll be there tomorrow but for now, get the hell out of here." He left and to his credit, as this meeting opens up the next day, he had to have been in touch with the principal, the visitor, Dr. Peter Lavoy, a South Asia expert, and Lavoy says, hello, all the preliminaries. And he goes on, "By the way, I just want to—I understand there's a rumor going around here that AID is dragging its feet." And he said, "I just want you to know that in no way, shape, or form does anybody in Washington or in this particular contingent here happen to believe that." And this young political officer, he's sitting across the table from me,

and one eyebrow kind of goes up, right, and I thought to myself, okay, good for you. Nice. Magnanimous. Classy, I thought.

At that point I thought, I don't know, another three months to go or something like this—you know, right? I mean, you don't want to walk out of an assignment tossing verbal grenades. You don't want to go off after thirty years of serving your country, and be able to point to any number of interesting accomplishments, on a sour note. So around that time I let the powers that be know I would leave after some 18 months. So, in late May, early June of 2013 I got to Washington, and got debriefed. I was there for a couple of days. I saw our son Andrew, who was still in the area. And then flew back to Wisconsin.

I remember laying in the grass out here for what seemed like the whole summer, just—and seeing some old friends because this is where I grew up. I had not spent an entire summer here in over 30 years. I realized then I was probably addicted to the air and the light here. Something about it in the summer.

Q: It's hard—it can be hard to leave it all behind, but then, you know it's time, right? You knew it was time.

KRANSTOVER: Well, exactly.

If you're lucky you do. And at that point in our lives the work, doing something interesting and important and getting paid well at this point in life was a factor frankly. I don't make any apologies for that. We were taking care of three infirm parents who had outlived their finances—so you know, all those considerations were important. But you don't want to lose sight of a sense of balance and ignore the signs telling you to move on.

Anne, fortunately, was able to take her job with this corporation that's now owned by RTI and work out of our—out of the house here for five or six years, actually, after 2013.

I started to get into teaching and for about five or six years now, every fall and spring, along with another retired Foreign Service guy, John Katzka who's in the area who spent a couple of tours in Moscow among other assignments and was in Moscow during the coup—he was a USIS (United States Information Service) officer— we put on talks based on themes from the Great Decisions series from the Foreign Policy Association in New York.

I also spent three years as an adjunct in the business school at Marquette University. I gave them a cold call and said, "I see you have an international element." And this wonderful dean there, Dr. Joe Daniels, may he rest in peace, had me for three academic years. I taught a course on international issues of trade and an intro course on development issues. I also made three trips to Guatemala and one to Colombia, each time with two professors and about a dozen college seniors for a seminar on those countries during the winter break. Now I'm engaged with some Latino dairy workers here, who are a huge element in Wisconsin, as I've discovered. They had not been twenty years ago.

And not to give you a seminar and have me bloviate about this, but dairy is a $45 billion sector here in Wisconsin. Wisconsin's GDP, if you will, is about $320 billion. And the Latinos provide the labor for the most part for the dairy industry. They're about 70 percent of your workforce. By definition, because they're not seasonal workers, there's no visa for them, so they're all illegal. Maybe twelve to thirteen thousand of them, according to one estimate I have heard. So, I do a little bit of English teaching to that group. And just last night, as a matter of fact, I was teaching English to, all of a sudden, four Afghanis, who are now—they've come to this area to be resettled.

I mean, can you imagine? They've been out of their country for about five or six months. They've been processed through Fort McCoy, which is about two and a half hours northwest of here in Sparta, Wisconsin.

Q: You're teaching English?

KRANSTOVER: Doing English teaching. And some are coming from Fort Dix in northern New Jersey.

And then I write a nasty letter to the local paper occasionally, about some issue regarding plastic bags or pollution in the river or loose regulations on the disposal of waste from the large dairy operations around here or the evils of gerrymandering.

Q: (Laughs)

KRANSTOVER: And all—right? So, all which I find quite satisfying. I mean, it's just, it's good. And it's important to remain engaged I believe, wherever you are. I believe it is the sociologist Robert Putnam who notes that when citizens withdraw from their societies, their citizen lives, that things begin to fall apart. Sudan, Guatemala, Nicaragua, El Salvador are all premier examples of this.

I was asked three times by Roger to come back to Pakistan for three different periods but said "no" each time. I did do a short stint in Nicaragua in early 2018 for about two months for the USAID Mission, looking at their portfolio and mentoring some younger officers.

So, just to look at the portfolio there. And they asked me to come in and make a judgment on that; I may have slashed and burned a little bit. But I thought the Sandinistas had absolutely no time nor energy for us, weren't interested at all. I recommended there too that a foundation be established for our foreign aid, or that we at least sign up our then very small amount of funds with the Universidad de Centro America, the UCA, thereby keeping it even further away from Ortega. Of course, not that we were doing anything with his government then. Several of his people and members of this family were sanctioned under the Magnitsky Act. More now I understand.

Q: Okay. Some of the questions—you actually, I think, you didn't actually run a mission or be a deputy?

KRANSTOVER: I did not. I was acting deputy on occasion.

Q: And you turned it down, right?

KRANSTOVER: I turned a Mission Directorship down, yeah, after Carl Leonard offered Panama or Ecuador to me in 2000, for what would have been the summer of ’01.

Q: When you entered USAID, what was your understanding of how you would reach senior leadership positions? I don’t even know—I’ve never heard you mention that as being a goal, but—and then, did your views of what that meant change over time?

KRANSTOVER: You know, I wanted to take the missions and the assignments sort of one mission at a time and I felt that ultimately it would be a real pleasure to be able to—and I wanted to get into the Senior Foreign Service.

And I thought that to sort of—turning down the offers of Ecuador and Panama for what would have been 2001, that was painful, Robin, that was painful to have to withdraw. And without getting into all the details on this, and I was just looking at my agenda and diary of twenty years ago regarding our son, oldest boy, Mike, he was not well.

The implications of it were, not just regarding him, but the whole family. And I wasn’t about to go to a foreign country at that point. And he had beautiful—for his first sixteen years, he was a year in Sudan and then fifteen years in Latin America. And he’s dark. And he’s got accent less Spanish, just—it’s just perfect, right? And so, I had this thought, I said, God, we’re going to be in Quito or Panama City and he’s going to be in his late teens, and there’s going to be issues. And so, I stuck around in USAID Washington for three more years and then left in ’04 and went to the U.S. Committee for Refugees and Immigrants, back into government with “F,” and then S/CRS, and ultimately signed on with USAID again for the Pakistan tour.

At that juncture, about the only way I would have been assigned as a Mission Director would have been to get a political appointment. But then, it was not as important to me at that point. I thought I had acquitted myself well.

I was flattered that Roger called me out of the blue in July of 2011. I mean, he heard that I was retiring, he’s Senior Foreign Service, he’s needing some help, he’s in a high-profile mission, an exciting country and region, and he says—and he doesn’t give me any kind of scope of work. And he says, “I need some adults here.” In many regards, it was a nice concluding assignment for a long career.

And I thought, well, that’s appealing because I could—I mean, there were some guys, contemporaries of mine who were already there in the mission whom I knew who had spent time in that part of the world, unlike me, and so—and that was a little dicey. I mean, that was a little bit—you know, it was sort of like, well, who am I and what am I—you know, that typical sort of reaction that you might get.

Q: Sometimes because there's some competition among us all.

KRANSTOVER: Yes.

Q: But I think what—not to put words in your mouth, but I think what you're saying is that by being a very good officer over increasingly complex operations you were ready to be a mission director. So, you did what it took to be—have that, it's just that family stuff came in the way. Is that right?

KRANSTOVER: I've never exactly put it that way, but I agree with you completely. I was confident I could do it. (Both laugh)

Thank you for that. And I think that—you know, early on in this conversation we talked—I mentioned judgment and temperament as being so essential. A guy like Carlos Pascual, I remember, as I got to know him later—over the years and I didn't deal with him much later on, but we stayed in touch for a while, I thought he had that in spades. I thought a guy like Cameron Munter had that, or a guy like Everett Ellis Briggs, who was in Honduras—son of an ambassador and had grown up in Latin America. And Carl Leonard of course.

Q: So, let's turn the question around. What kind of training or experiences helped prepare, you know, would you recommend to younger people to be able to get to leadership positions?

KRANSTOVER: Yeah. I'm sort of old school in this regard, and I tell people, because I've had this question asked of me several times by students and people at these talks and outreach that we do; I don't know that there's anything formulaic about it, at least now. Nonetheless, I said to a group just this past January at one of the prep schools here in Milwaukee, that you have to come out of college, I think now, having a language, as opposed to getting it later or something. I happened to go through high school and college studying Spanish. I had it for eight years and spent that year in Madrid and then went into Peace Corps right away, and I just have always felt—I was just speaking Spanish yesterday with a fellow here in Cedarburg. And that's huge. I actually think that you should now have to get a 3 in Spanish to get your commission in the Foreign Service before 5 years are up. And then be required to start studying another language.

The other thing, and I get pushback on this, I'm just—I'm a real advocate of the old liberal arts education. If you can't speak and read and advocate and have this—that touch, the Latinos call this "don de gente," this sort of ineffable kind of ability, to move about and to be comfortable, with a large spectrum of different people, you're probably not going to thrive. That's essential. Tough to measure. And people should always be hired on their integrity. Not experience. Experience comes later.

Also, I think, and I often wonder this about myself, if—I think that you need a little bit of an ability to make an executive decision on occasion, even if it's going to really anger

some people or colleagues or—if it's not going to be popular. You must be able to do that. I don't know that I ever had—was in a position to make any sort of life-changing kinds of decisions in that regard, but certainly we were—I was part of a cohort responsible for making recommendations regarding the use of millions of dollars and did not take that lightly. On occasion, that would cause some pronounced friction in the USAID Mission. And those decisions impacted lives.

Q: One of the questions is how did you deal with budget cuts, reduction in force or other major resource constraints?

KRANSTOVER: Well, that's just an annual thing, and the longer—I remember before retiring the first time in '04, that the two other fellows who retired at the same time, John Cloutier and Don Boyd, you know, we were talking, and we all agreed that we were really retiring because we were tired of budget uncertainty and of annual personnel evaluations, those kinds of things. (Both laugh) You know, it's maddening. But the budget stuff and the constant massaging of this stuff—you know, if you've got a good finance guy and a good program person who knows that stuff and can do it, I mean, they're worth their weight in gold because every year it comes around, and you get your continuing resolutions and you don't get an appropriation, as you should.

That was not always the case. It really started twenty years ago. There was always a relatively decent budget process up until the late nineties, early aughts and when that stops, that really gets tiring because you can't plan. And you can't—and you've got to—then you've got to readjust your budget, debate with Washington, you're not out in the field talking to people, you're not thinking of stuff that might be good to do, you're not dealing with your counterparts, you're sitting in your office looking at these numbers. And then you've got maybe a really activist and, not that there's anything wrong with this, but some ambassadors, who want to direct the money – I've had one or two come into USAID and say, I was just out in the field, and I saw some poor people in this particular section of the country. Why aren't we doing something there? Right? Do you think you can move some money over there, like, next week? (Laughs)

Taxpayers' funds require some care, and what we do in terms of putting it in place, what with our documentation, reflects direction in legislation, and of course the Foreign Assistance act of 1961. We do get bogged down sometimes. I think Ambassador Lawrence Pope, while Ambassador to Chad in the eighties, said that development of an AID project takes as long as the gestation period of an African elephant, or about 22 months. He was off by about a factor of 2, but the point is meaningful. S/CRS in part was an effort to get around that, as are special conflict funds and money which OFDA and USAID's OTI uses.

And so, you know, it just—the unpredictability of the funding gets a little tiring, and so you look for some creative things. The best types of officers, Ambassadors for sure, are those who reach into the Mission writ large and rely on the person who has the expertise or ability, regardless of the federal agency that he or she might represent. Anne Patterson

did that I thought. Negroponte did that. It's being able to deal with a problem with some creativity if not aplomb.

So, I'm going to give you the last question of, what advice would you give to USAID now that you have had time to reflect on your career? Because in a lot of ways in AID and State a whole generation of very experienced people have left—

KRANSTOVER: Yes.

Q: —and there are some great people who are kind of starting over, learning some of the stuff that old-timers had more time to develop skills for.

So, what kind of advice would you give people who are trying to recreate in this very difficult, chaotic world we are in right now, in 2022?

KRANSTOVER: You know, I think, yeah, I just—well, certainly, there's going to be a lot of work for them, as long as we believe we have something to offer the world. And I—you look at the data and you look at the numbers and you analyze this stuff, as we do, and I—it seems that we know that countries are going to implode or become unstable. We still don't know exactly when they're going to implode. But to approach that whole business and to be able to get a greater sense of how to approach a problem, such as it might be, from a humanitarian or a military approach, requires, to use what's an old saw now, this whole of government approach. And so, one's ability to understand the government and the bureaucracy and who does what to whom I think is essential, as we are not just talking about economic development anymore but dealing with the salience of conflict and instability around the globe.

I may have said earlier that when I came to Washington in '98 I just found it fascinating in many regards. I'm then forty-eight years old and I'm learning about my government, even though I've worked for it for seventeen or eighteen years already. It quickly became obvious that the people who could function in that milieu—understood government, could function in a deft, professional manner and maneuver well and were creative, had great success.

For a long time, I've thought that, and AFSA published a letter I wrote about this last year—along with many others —in the *Foreign Service Journal* at the beginning of the Biden Administration about international affairs and what the USG should do. There were all kinds of suggestions. And I've been called an apostate by one or two of my old AID colleagues, but I said, "Merge AID with State, just as USIS was."

While I continue to believe that economic development, indeed, is a discipline and a theoretical discipline, just in its own right, as information technology is, I suppose, and public affairs is and negotiations are, the fact that we're not at the table on a regular basis and physically removed is a negative; why we moved out of State—I thought that was a huge, a huge mistake. You're out of it, you're out of the loop a lot of times, not

necessarily because of any conscious decision by anybody. But you're just not around if in another building. These positions we occupy, after taking an oath to the Constitution, are about public service. We need to be good at that, and having a regular place and voice is essential in order to be so.

I remember coming to Washington on TDYs in the eighties and nineties, I'd be in State at a desk, you can walk around, stop by the desk officer, the State desk guy or woman, find out what's going on and gossip a little bit and try to determine what's up and get to know the latest drift of things—communication would be enhanced immeasurably if we were all working in the same building or at least under the same organizational framework.

USAID has been—we're a Cold War institution in many regards, which again, is not to say that there isn't this sound, theoretical basis for doing economic development. There are good things, there is good history and there's good theory and practice in that regard. But given how complicated and ugly things are out there, I think that we're not going to be able to deal with it in the multilateral, liberal world order, as envisioned in perhaps the Atlantic Charter, with Churchill and Roosevelt in 1940, unless we can function based on regular funding and efficient communications and authorities.

One thing I remember in Pakistan with the large military advisory group there is that—the best officers were those who communicated and understood that the effort there was larger than one agency. I remember a couple of officers, they came over to our section and they were thirty-forty-something year old navy, air force and army guys who had discovered that they had $20 million, and they had it for a year and the clock was ticking, and they had about six months left to sign it up with the Pakistanis. I remember them sitting down with us and they said—they showed us the appropriation, it was in the defense appropriation bill, and said, the Defense Department is supposed to use this $20 million for a road near the Afghan border. I mean, that was sort of—that was kind of the piece, that was the law. And you need to—

Q: Just like yours in Mosquitia, right? (Laughs)

KRANSTOVER: Exactly. Yes, exactly, very good. The fact that these guys came over and said, "Help," we found brave if not almost charming. And so, they said, we haven't done any of this before; we haven't signed up USG funds. They've got six- to twelve-month tours. And so, one of them was really sweating bullets and a number of us sat down and we had a few meetings, long story short, we were able—this was money, certainly, that was useable, that we could use, that the Pakistanis could use, and that we were ultimately able to obligate and disperse for an infrastructure piece up there near—in the north, sort of actually more northwestern part of Pakistan.

I remember thinking, thank God these guys came over. I mean, they could have signed it up in a two-page memo and sent it over to the Pakistani department of public relations (laughs/indiscernible) and said, Merry Christmas, right? We were able to send a couple of Pakistani and American engineers to this area who spent a day or two looking at things

and consequently were able to formulate something for which we and the Pakistanis could responsibly use these funds.

Q: But it's just not usually that—that's not the rule because people don't have those—they just don't have the structures and the mechanisms to—

KRANSTOVER: Right, right.

Q: —to remind them to do it.

KRANSTOVER: Exactly. I would agree. Or the sense and direction. These fellows are looking at a piece of legislation that somebody's drawn up, about which no one is familiar. And then, oh, wow, we've got—the Pentagon's calling and saying, did you know you've got this $20 million for this fiscal year? So, I mean, so all of that, you know, we're such a massive operation as a government. And as—it's hardly original, but we don't talk to each other enough.

Q: All right. So, design projects to—and design mechanisms so we work more together, I think is your theme.

KRANSTOVER: Absolutely, absolutely, yes. And faith in our public institutions responsible for our efforts abroad. If anything, I'm an institutionalist.

End of interview