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

AMBASSADOR CHARLES P. RIES

Interviewed by: Charles Stuart Kennedy
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Q: Today is the -- what is it? It's the --

RIES: The 27th of April.

Q: 27th of April, 2010 with Charles -- middle initial?

RIES: P.

Q: P. Ries, R-I-E-S. I imagine you often get that spelled the other way, don't you?

RIES: I do indeed.

Q: OK. Let's start. When and where were you born?

RIES: I was born in July of 1951 in Schenectady, New York.

Q: Can you tell me a bit about your family? Let's start on your father's side.

RIES: My father is a product of the Lutheran Midwest: Minnesota, Indiana, and Wisconsin. His father was a schoolteacher and later a school principal.

Q: Where?

RIES: When I was born, he lived in Menominee Falls, Wisconsin. And they lived in Indiana as well. I'm not sure about Minnesota, but certainly Midwestern German Lutheran. Ries comes from Swiss -- Swiss background. Great-grandfather came over from Switzerland back before the turn of the 20th century.

Q: What'd your grandfather do on your father's side?

RIES: My grandfather was a schoolteacher.

Q: He was the schoolteacher. And your father?

RIES: My father went to college and met my mother in college. He had been in the Merchant Marine during the Korean War. On my mother's side, my grandfather was the

vice president of General Electric (GE), in charge of the GE's office in Chicago. This grandfather had been involved in the development of television technology. After my mother and father were married, my grandfather arranged for my father to get a job with GE in its advertising department in Schenectady.

Q: Where did your father go to college, or your mother go to college?

RIES: My mother went to college at Monticello, which is sort of a finishing school for girls. And my father went to college at DePauw. Not the basketball DePaul, but DePauw, which is spelled D-E-P-A-U-W, located in Indiana, Greencastle, Indiana.

Q: Where'd you grow up?

RIES: Well, it's a complicated story. For about four years in Schenectady. And then my father left GE and took a job with a big advertising agency in New York. So we lived for about six years in the New York area, first on the West Side of Manhattan and later in Montclair, New Jersey. And then when I was 11 my parents were divorced and my mother remarried and my stepfather was in the related field of market research. And after a couple years in Westchester County we moved to Costa Rica where he had a short contract working for USAID (United States Agency for International Development) and then went into business. He started a marketing and distribution firm in Costa Rica at the time of the formation of Central American common market. So at age 11, I moved to Costa Rica, spent three years in Costa Rica. And after a while the marketing and distribution business became untenable for a foreigner as a result of various machinations. So my stepfather took a job again with USAID again in Bolivia. I lived in Bolivia fulltime for a year and then went to prep school for my last two years of high school, while the family continued to live in Bolivia.

Q: OK, well let's go back. Your first memory probably -- Schenectady there probably not many memories of that at all.

RIES: Not so much.

Q: But in New York, what was it like? Were you out in the city in the beginning?

RIES: Yes. We lived on 77th Street just off of Riverside Drive. I went to school over on P.S. 87, which was also on 77th Street but near the Museum of National History. I was a city kid, got around the city, you know, to the extent that any kid that young did, but you know, played in the park, Riverside Park.

Q: How was your school there?

RIES: This was the 1950s. But the school had established a program, sort of gifted and talented program before it was called that. I was placed in a class of second grade that was extremely demanding. They really pushed me very hard. And in fact, I coasted the

rest of my elementary school on the basis of a very high quality intense, you know, three hours of homework a day in second grade.

Q: Good God.

RIES: Yes.

Q: Who were the teachers -- what were the teachers like?

RIES: Well, I don't know all the details. But the teacher that was my teacher in that second grade class was named Miss Diamond, as I recall. It was a an experimental program, much studied by folks at the time.

Q: Mm-hmm. As a city kid, did you in the, you know, after school when you weren't doing your homework did you get out in the street and play around?

RIES: Yes. We were half a block from Riverside Park -- the river and watching the boats going by were sort of my main recreation. We could actually see the river from the window of the apartment. You had to look down the street to see the river, but I could follow the boats going by.

Q: No, it's great. Well, were you much of a reader as a kid?

RIES: Of course.

Q: Can you recall any of the early books that impressed you or were fun or?

RIES: Well, I zoomed through, you know, The Hardy Boys, and those types of kid novels. I remember in the early '60s starting to read James Bond novels when they first started coming out and liking those a lot. I read history, American history. There was a series -- I can't remember the name -- of books for kids on American history, profiles of Thomas Jefferson and Abraham Lincoln and the like. Can't remember the name of the series, but I read almost all of those.

Q: Did you have brothers or sisters?

RIES: I had two sisters. I'm the oldest. One sister is four years younger than I am and one is eight years younger.

Q: Then you moved to Montclair?

RIES: Yes.

Q: What was life like there?

RIES: It was a prototypical suburban -- old suburban community. We lived in a big Tudor house three blocks from the elementary school, in a neighborhood of old trees and old houses. It's a bedroom community for Manhattan.

Q: Mm-hmm. How was that school?

RIES: It was good. It was a good -- it was public school again, the Grove Street Elementary School, as I recall, in Montclair. I think it's still there. I went back to see it 30 years ago, and it was there then. I don't know, I haven't been back since. But -- and -- but it was, it was a nice, nice community.

Q: Where did your family fall sort of politically or not, or did they?

RIES: In the election of 1960 my father favored Nixon and my mother favored Kennedy, as I recall. My mother was always a little bit of a rebel. Her father was an old time Republican. In fact, my great-grandfather, whose name was Harger, Charles Harger -- in fact I was named for him, was an editor -- was the editor of a newspaper in Abilene, Kansas. And that's the home of the Eisenhowers, as you may recall. And the family story is that he put up young Dwight Eisenhower for West Point. I suspect there were others recommending him as well though.

Q: Mm-hmm.

RIES: But as I understand it everyone always -- everyone always thought Dwight's brother Milton was a much smarter -- Milton was later president of John Hopkins. But at the convention in 1952, when Eisenhower was nominated, my great-grandfather Harger was a Republican delegate, which was a big thrill for him because he'd been close to the Eisenhower family. But great grandfather Harger was foremost a crusading newspaperman on the frontier. So progressive Republican prairie roots, at least on that side.

Q: Mm-hmm. How about religion? Where did your father fall?

RIES: My mother's family was Episcopalian. My father's family was Lutheran, as I think I mentioned. And I was raised an Episcopalian.

Q: Then you went off -- you started sort of getting into the Spanish world, didn't you?

RIES: Yes.

Q: How old were you went you went to first --

RIES: 11.

Q: 11. That's pretty -- what was Puerto Rico like then?

RIES: Costa Rica.

Q: I mean Costa Rica like.

RIES: Costa Rica was, and still is, a rather idyllic part of Central America. It's a country without an army since the late '40s. It was then and still may be the Latin American country with the highest literacy rate. So, in an otherwise turbulent time in Latin American history, it was quite peaceful. We lived on a coffee finca, a coffee farm, just outside of San Jose. And San Jose itself was then just a little town although it was the capital of the country.

Q: What was your father -- or it was your stepfather.

RIES: Stepfather.

Q: What was he doing?

RIES: Well, he first took us all there for a short six-week contract for USAID, which was at the time implementing John Kennedy's "Alliance for Progress." And he decided that he was unhappy with his situation in New York. And so he sold his business in New York and opened a business in San Jose. We all stayed. There were two bits of the business. One was advertising and marketing, and the other was distribution of food products, mainly food and consumer products from other Central American countries in Costa Rica. It was the year the Central American Common Market started and it was expected the agreement would cut the high tariffs on trade between Central American countries. And the proposition was that you would be able to sell newly competitive Salvadoran or Guatemalan products in Costa Rica.

Q: Did you have much contact in school with Costa Ricans?

RIES: Yes. I attended a school in San Jose called the "Lincoln School." About three quarters of the students then at Lincoln School were Costa Ricans. And it was a true bilingual school in that half the subjects were taught in Spanish and half the subjects were taught in English. In fact, a year or two after we arrived the embassy families rebelled against this forced immersion in Spanish for the Embassy kids and they set up another competing school. The name of that school escapes me, but it was more typical expatriate school where the language of instruction was English, and the curriculum was American. And there was only one class a day in Spanish to teach the language. The other thing that was unusual about it is that the school year in Costa Rica was from around April to November. It was half a year off of the school year in North America because of the rainy season. And as a result, when I got there I was put forward six months and into sixth grade, I think. Then when I departed, you know, three years later, when we went to Bolivia I was put forward six months again. You could go forward or back, and in both cases I went forward. So when I graduated from high school when I was a moth shy of 17, rather than a year older as were most of my classmates.

Q: What was life after school like in Costa Rica?

RIES: It was -- Costa Rica was, quite nice, very peaceful. I would take the buses, the city buses around. We lived on a coffee finca, we had a horse, we would get out and about. It was not -- unlike kids today, there was not that much organization or sort of organized sports teams and activities. We sort of did our own thing. Found kids in the neighborhood and hung out with them.

Q: Did life, sort of the political activity or -- intrude on you when you were there or?

RIES: Sort of. My parents were in Guatemala when there was a coup, maybe two coups in that period. Tanks, typical golpe, tanks on the road and so forth. It was a more peaceful time in Costa Rica itself. It didn't have any political upheaval. There was an eruption of the volcano on the edge of town called Irazú, which dumped volcanic ash all over San Jose every day for four or five months, sort of like what's going on with the Icelandic volcano now.

Q: I assume by this time you were quite fluent in Spanish.

RIES: Yes. Sink or swim. And yes, I did --

Q: Yeah.

RIES: -- come up with enough Spanish to get by and later on consolidated it in Bolivia.

Q: Was there any distinction, either plus or minus, about being an American as a kid?

RIES: In Costa Rica?

Q: Yeah.

RIES: Costa Ricans are very friendly to Americans. You were a foreigner. You weren't a Costa Rican. But there was no -- I can't remember any hostility.

Q: Then off to Bolivia.

RIES: Mm-hmm.

Q: You were in Bolivia from when to when?

RIES: Well, family moved in '65 and stayed there until '68. But as I mentioned, I was -- I did 10th grade in Bolivia, and then 11th and 12th grades in prep school in the U.S. because Bolivia was very, very underdeveloped at the time, including in available education opportunities.

Q: How did you find Bolivia?

RIES: Oh, fascinating. It was great fun. We were in the highest capital in the world, 11,300 feet or so. Very stark, Indian culture everywhere. Good trips. We traveled down to the Yungas, which were deep valleys down into the Amazon River basin. And we traveled to Santa Cruz, which is down on the flatlands near Paraguay, and to Cochabamba, which is an Indian city about 9,000 feet, 8,000, somewhere like that. And the Altiplano, Lake Titicaca, and so forth.

Q: What was your stepfather doing there?

RIES: Working for USAID.

Q: What type of work?

RIES: He was -- he was a marketing expert. There had been various problems about some early AID (Agency for International Development) projects in Bolivia where we built infrastructure. Strangely enough, as I recall it there was a sugar refinery that we financed in Santa Cruz, as part of a project to develop a sugar industry. But one problem was that the Bolivians don't like sugar, or at least didn't then have a taste for it. AID had built this sugar refinery and supported growing sugar cane or beets, but the Bolivians couldn't sell the product domestically, and couldn't export it because they were a landlocked country surrounded by other sugar producing countries, like Paraguay and Chile. It was a white elephant. And the AID director at the time reportedly said, "we need somebody who can do a marketing analysis as part of the project preparation," so that they wouldn't make such mistakes in the future. So that's what my stepfather's role was.

Q: Were you there during the Che Guevara time or --

RIES: Yes. The Bolivians and U.S. Special Forces succeeded in nabbing Che my junior year of prep school. I was actually away when it happened. But he had -- he was in the hills in a sense -- really down in the Amazon region -- while I was there, my first year there.

Q: Did you find the attitude of the Bolivian kids any different from Costa Rica? I mean --

RIES: No. In those days, there was a very small Spanish elite and there was a huge Indian underclass. And the kids that I knew in school and that lived in the neighborhoods we lived were all Spanish, the old elite. We didn't have much contact with the Aymara and Quechua Indians except as servants in the house. They had a much bigger class problem than, than the Costa Ricans did. The whole approach of Che was to start a class revolution among indigenous Bolivians and convince them that they were being oppressed by the Spanish, descendents of the original colonists. It didn't really work in part because that the Indians weren't impressed by Che, who himself was an Argentine *(laughs).*

Q: And they didn't speak the same language.

RIES: Yes they didn't speak the same language. There were not many Spanish speakers in the indigenous community. They used Aymara and Quechua. So Che failed and was hunted down, as I understand it informed upon by the Indians who got tired of him. But as for my own experience as a teenager, the Bolivians that I knew were mainly upper class Bolivians just by the nature of this society.

Q: Did you have any contact or knowledge of the embassy in --

RIES: Yes, my father worked for AID. We were part of the Embassy community.

Q: I was wondering whether the Foreign Service intrigued you or not, --

RIES: Yes. The DCM lived up the street from us. In my class in high school were two daughters of the ambassador.

Q: Who was the ambassador?

RIES: Douglas Henderson. And his two daughters, Lee and Jennifer were in my class at the American Cooperative School.

Q: Where'd you go to prep school?

RIES: I went to the Asheville School in Asheville, North Carolina.

Q: Why there?

RIES: Well, we applied to various schools like Andover and Exeter, but they didn't accept me. Only Asheville and Cranbrook Academy, which is in Michigan, did --

Q: Michigan, yeah.

RIES: -- accept me. And my stepfather was from North Carolina. On the grounds that he still had family in North Carolina it seemed like the better idea to send me to North Carolina than Michigan.

Q: How did you find the Asheville School?

RIES: Asheville School as a school is really good. It's really one of the best, if not the best, boarding school in the south. It has a long history back to the turn of the century, founded in 1900, and has high standards. I had a transition problem because I had sort of, let's say, a varied educational career at that point. And so they worked with me and at the end of two years I had earned advanced placement credits in several subjects and I did very well going to college. But it wasn't easy. Math in particular was hard for me because I hadn't had decent algebra training earlier.

Q: What subjects were you particularly good in?

RIES: History. History, English, actually in the end all the sciences, chemistry and biology. I won the biology and American history prizes at graduation.

Q: While you were at Asheville were you pointed towards any college or --

RIES: Again, I wanted to go to top schools. I applied to Harvard, Yale, Stanford, Columbia, and Johns Hopkins, which these days seems like an incredibly high reaching thing. Harvard, Yale, and Stanford turned me down. Columbia and Hopkins accepted me. And I was pointed towards Columbia and Hopkins by the guidance counselor there who noted the international programs at both schools. I would have never come to Hopkins without the guidance counselor's advice. I thought it was a medical school, but in fact it has a well-known international program. And it was during the Vietnam War, when there was an emphasis on foreign policy. In fact I ended up at John Hopkins because the Ford Foundation had financed a program that offered a BA and an MA in five years. At that time you could be accepted into the five-year program right out of high school. So when I was accepted by Hopkins, it was for the full five-year program through graduate school. And Columbia just accepted me as a normal undergraduate. If I wanted to go to graduate school at Columbia or anywhere else it would have been a separate proposition. So I took the Hopkins deal.

Q: You were at Hopkins from when to when?

RIES: I started in ’68, the fall of ’68, and graduated -- well, they gave me my BA (bachelor’s degree) in ’72 and my MA (master’s degree) in ’73.

Q: OK, ’68, going to school, this is when things were really on the boil in many campuses.

RIES: That’s right.

Q: How stood things in -- and you were what, 16 at the time?

RIES: My birthday is in July, so I was 17 by the time I started.

Q: Yeah. So I mean -- and you hadn’t really -- I imagine Asheville was somewhat removed from many of the -- some of the turmoil. Or maybe not.

RIES: Yes. It was removed from the turmoil, but I was aware of the issues. I was an American history, spent a lot of time following American history and politics, was not --

Q: Well, how stood the campus in ’68?

RIES: Well, Hopkins is a very professional place. It’s unusual. I mean the only school that sort of resembles Hopkins is perhaps University of Chicago. It was a very intellectual

and serious place. That said we had anti-war demonstrations. Students chased off the ROTC (Reserve Officers' Training Corps) recruiters. And when Nixon invaded Cambodia, which was '70 or '71, there was a campus strike.

Q: '70, yeah.

RIES: '70. There was a campus strike about that. But it was not anywhere near as radical as Berkeley or Columbia was at the time. And people were still pretty focused. I did travel down to Washington a couple times. There was -- '69, there was a big march on the White House and there were a couple of big demonstrations and it was easy to come to Washington from Baltimore.

Q: Yeah. How about the Civil Rights Movement? Did that -- you're in a southern city.

RIES: Baltimore? Sort of. The major civil rights movement was earlier. 1965 was the Civil Rights Act. It wasn't a galvanizing issue that had been four or five years earlier. I think the focus was really was on the war.

Q: How did you feel about the war at the time?

RIES: I thought it was a huge mistake. Like many others, I thought that it was a civil war between Vietnamese parties and that we had supported the former colonial elite and that we were going to lose. I thought that it was our intervention -- I was naive of course -- that caused the Chinese to support the Vietnamese and if we'd just let it work its way out we would have been better off. And anybody who was of draft age was not too enthusiastic about going off to the jungle.

Q: How about the faculty? Were they pretty much of the same mind or?

RIES: The faculty at Hopkins, they weren't very political. They were not rabble-rousing faculty members that I can recall that spoke at demonstrations and so forth. The economics faculty was led by Carl Christ who was a world -- at the time, world famous macro-economist and a very impressive guy. But now that you mention it, the president of the university was a former ambassador. Lincoln Gordon had been ambassador to Brazil.

Q: To Brazil, yeah.

RIES: And he was identified as -- by campus radicals as a tool of the establishment and an apologist for Dean Rusk and the Johnson Administration. And he was only president for two or three years and basically got chased out by the students and strikes, office occupations and so forth. I think he was a little inept in the way in the way he managed the student movement. But he's a good man. I've met him since. I didn't know him at the time.

Q: I've interviewed him.

RIES: Yeah. Right. So you know. He's a very nice and thoughtful man, but he was not deft enough, I think, for the circumstances.

Q: Mm-hmm.

RIES: And the -- he resigned after, maybe in '69.

Q: Mm-hmm, mm-hmm.

RIES: And then Milton Eisenhower, who had been president, who was adroit and well respected, came back. He was president emeritus. He came back and he ran the university for two years while they did a big search. In the end Robert Muller, who was an academic German specialist, was president by the time I got my MA.

Q: Was your course pretty well concentrated on history or economics or --

RIES: Because of the intensity of the five-year BA and MA program, most of the courses that I had to take were -- at least the departments were required. I took history, political science, economics, some math, some science, but only some humanities courses, history of art and a survey course on philosophy. But I never took an English class, for example. I didn't take History of the American Novel, even though they had John Barth on the faculty. I didn't have any time because I was only at Homewood, where the university is, for three years. I spent my final two years in Washington at the graduate school.

Q: Well, your major was essentially political science.

RIES: It was called "international affairs."

Q: International -- had the quantification of political science crept into the field at that time?

RIES: Not at that time. A little bit later when I was in graduate school it became more quantitative. And they started doing faux vote count analysis in the UN (United Nations), with standard deviations and such things. But political science was more qualitative in those days.

Q: Yeah. No, I was stating a prejudice. I always thought that quantification business -- I mean there are obviously things there, but --

RIES: Right.

Q: -- you're not going to get much out of it.

RIES: I agree with you.

Q: (laughs) But it's a disease that's effective.

RIES: That's sort of what happens in academia. People have to get journal articles published and it's what the journals wanted to see.

Q: Well, did -- as you had a look at it, you're still pretty young, but did academia as a --

RIES: Appeal?

Q: -- a field appeal to you?

RIES: No. My stepfather, who did have a doctorate, did want me to get a PhD, he thought that it would always be useful, you know, something to fall back on. But I was anxious to kind of go out and make a living on my own. And so I didn't really think seriously about a doctorate or an academic career. It didn't appeal to me.

Q: Well, you came down what, your senior year to SAIS (Johns Hopkins School of Advanced International Studies), was it?

RIES: Yes.

Q: Did you find the studies, the atmosphere at SAIS difference than --

RIES: Yes, much more practical. SAIS is an extremely practical place. A lot of people have part-time jobs and, and worked on the Hill, worked in think tanks and such, focused on the sort of political struggles or international political developments of the day.

Q: Well, did any area or type of work appeal to you at that time?

RIES: Yes. I wanted to be an international banker. In the past decade top students were enthralled with investment banking and Goldman Sachs and what have you. But in the early 1970s there was an international expansion of the major American banks, Bank of America, Citibank, Chase, and the other U.S. banks doing what we call now sovereign risk lending. The banks were expanding by making loans to countries. And it seemed like the thing for people like myself who liked economics and international affairs. It was a good living and bankers traveled around the world making multi-million dollar deals. Very glamorous. I sort of aimed myself in that direction. One of my original fields was Latin American studies and I actually dropped that for international organizations. One had three academic fields of specialty for the MA: economics was required, and my other two fields were American foreign policy and international organizations. The Latin American studies field at SAIS at the time was somewhat moribund.

Q: Did you have any part-time work in Washington?

RIES: Yes, I did. I worked for the National Association of Manufacturers in their international economics department, during what was the beginning of what later became

known as the Uruguay Round of the GATT. And I worked on a program to catalog the non-tariff barriers American industry thought were most significant to them in order to inform the NAM's (National Association of Manufacturers) advice to the administration about which ones to go after.

Q: Mm-hmm. How did that work out? I mean were you --

RIES: It was a good job. We designed a survey instrument. We surveyed companies. And then we'd pull together the data and make charts and tables. It had pseudo-quantification, but it was really subjective. You know, what American industry was most concerned about. It was a good lesson in mustering facts for political pressure.

Q: Well, this was the Nixon Administration, wasn't it?

RIES: Mm-hmm.

Q: On the campus, how was the -- what was sort of the feeling towards Nixon, Kissinger, and all that time?

RIES: It was the time of Watergate really. It was a very exciting time because every morning The Washington Post had new details on the Watergate scandal. McGovern had run in '72 and lost badly. And I had supported McGovern. In fact, I still have a t-shirt from the McGovern campaign. But McGovern lost and then it emerged that fall and into the next spring that the White House staff had, you know, supported the Plumbers and all the rest. But it was, it was quite a political time in that it looked like the whole administration, president could come down. And so we all watched the Watergate hearings, and subsequently the impeachment process and it was a very dramatic time.

Q: Were you -- as you're doing your studies at SAIS, were there lectures from the State Department or were you getting much connection with the State Department?

RIES: No, not really. If you study American foreign policy you follow the development of American foreign policy and secretaries of state. Henry Kissinger was endlessly fascinating at the time. But I don't think I even was in the State Department building until later. I can't recall the first time I went in the State Department building. We had professors who had been foreign policy practitioners-- one of the things about SAIS is you get a lot of professors who had worked in government. Lincoln Gordon, for example, came to SAIS as a professor after he resigned as president of the university. And other professors had been assistant secretaries and such. So there was that kind of exposure. But in terms of interaction, I don't think I ever saw Dean Rusk give a speech or had any occasion to be actually at the department.

Q: Well, I was in the Foreign Service during these years. I think I shook hands with him once.

RIES: Right.

Q: So.

RIES: Quite remote.

Q: (laughs) So you're graduating in 1973 --

RIES: -- with an MA.

Q: And what were you pointed towards?

RIES: Well, it's a little bit complicated here. At SAIS I met the woman who was going to be -- my wife, who is still my wife. And I had mentioned that I wanted to be a banker. She wanted to be a journalist. And I had oriented my second year at SAIS towards interviewing with banks and in the end got a number of offers from international banks. But Bank of America's training program was in Hong Kong and Marine Midland Bank's was in New York. And Marcie was a year behind me at SAIS but aiming to be a journalist and probably going to join -- what people did at the time was join the AP (Associated Press) or UPI (United Press International). The wire services send you off to Alabama or North Dakota or something like that to learn how to cover stories. So that didn't seem to work for either one of us. As a result, after I graduated I spent the summer looking for a job in Washington. I ended up working for a business-supported think tank, a research organization called the "International Economic Policy Association." Marcie finished SAIS the next year. Then she also got a first job in Washington for at a trade association, in her case the Motor Vehicle Manufacturers Association. We were married in '74. We were trying to figure out what to do long term. But in that year, in 1974, the State Department changed the rules to allow married couples to serve in the State Department. You probably recall this, 1974 was when the tandem couples rules changed. So we decided to take the Foreign Service exam in 1975 on a pact that we wouldn't go in unless we both got in, but then we both did pass. And ultimately that's how we came into the Foreign Service. This was also -- this was then after Watergate, after the departure of President Nixon, after our withdrawal from Vietnam in 1975. The State Department became less politically toxic and was somewhat more of an interesting choice. And I of course come from an embassy family in a sense and had experience living abroad and thought it was a pretty good way to live broad, at least for a while.

Q: What was the background of your wife?

RIES: My wife is a physician's daughter from New Jersey, very interested in journalism and politics. She had gone to Oberlin. Her senior year at Oberlin she spent six months in Southeast Asia in an American university overseas program based in Singapore, but traveled extensively through Indonesia and Malaysia. So that's how she came to be interested in SAIS.

Q: So you recall any of the questions on the oral exam?

RIES: I recall two. One was a cultural, sort of a cultural question. It was, "you're sitting in a dinner party next to the wife of the French Ambassador who proceeds to say how completely acultural America is or how America has no culture. What examples would you give -- chose a discipline or certain arts field and give examples you would give in making the case that we actually do have vibrant arts and culture." And I chose dance, which was pretty unusual at the time, partially because my wife had dragged me to many ballet concerts. So I talked about American modern dance, citing Alvin Ailey, Martha Graham and George Balanchine. The board liked that. Then I was asked a question about the international monetary system and the wisdom of the then-current issue of the creation of IMF special drawing rights. The think tank I'd been working for did a lot of balance payments analysis and I had taken several courses on international finance in graduate school as well. I gave a five-minute survey of the history of international monetary payments systems from Bretton Woods forward, covering the closing the dollar window in August of 1971, the invention of special drawing rights, the liquidity restrictions, and so forth. When they gave me the readout the panel members said, "we had never heard an answer like that." Those are the questions I remember. I probably screwed up the other ones.

Q: Well, around that time I was -- '75, '76 I was giving the oral exam.

RIES: Oh. I took it in that timeframe.

Q: So. But I can't remember, did they give you an idea of what -- they ask you what you wanted to do in the Foreign Service or is it pretty much you're in and we'll take care of you.

RIES: It was before the time that you were coned on entry. I think they introduced that the next year. But had they asked me I would have given the whole economics and banking thing.

Q: Yeah.

RIES: So I don't really recall.

Q: Mm-hmm. And your wife was pointed towards USIA (United States Information Agency)?

RIES: No, no. She wanted to be a political officer. But the Board actually made her an economic officer was because she was working for the Motor Vehicle Manufacturers Association, a job she didn't particularly like. It took her five or six years to get re-coned to be a political officer. It was very hard because the political cone was in surplus, not in deficit. But eventually she succeeded.

Q: Well, did you take your entry A100 together or?

RIES: No. I entered in 1977, my clearances were finished and they offered me a position in a class that started in August, of '77. And I said, "Well, what about my wife?"

The person from BEX (Board of Examiners) who was recruiting me said they didn't want spouses in the same class for reasons known only to themselves. It was never explained why and I was too intimidated to ask. But she had passed and she was on the register although they hadn't finished her security clearance. And he said, "Don't worry, we'll put her in the next class." And she entered in January of '78 in the next class or the one after that.

Q: Well, how did you find the A100 course?

RIES: It was fine. I had been in Washington ever since '71 and it was '77. So six years in Washington and at that point I did have quite a bit of contact with State Department. When I was at the think tank we did a lot of research by interviewing people at the State Department, and I had grown up in an Embassy community, so what they were telling us of the diplomatic life and such was not so new. It was not a challenge.

Q: What were you pointed towards as far as a place and --

RIES: Since we were in this situation where my wife was going to come in a subsequent class, my interest was in getting a first assignment in Washington so that we could wait until she was through a class and we could get a tandem assignment. But there were no Washington jobs on the list that was presented to the class. About a week later the course coordinators came with a, if you will, special opportunity. The counselor of the department, who was then Matt Nimetz, was looking for a staff assistant and the personnel system told them that they could only choose someone from the A100 class because everyone else was assigned at this point in the cycle. It's September or so. And so the class coordinator said would people be interested in interviewing for that job. And there were four of us, I think, who interviewed for the job and they gave it to me. So I actually went to work on the seventh floor as a staff aide as my first State Department job. And it was very convenient because then Marcie came in in January. And then, by arrangement with the personnel people, we took two jobs off of her list and we chose jobs that were Spanish-speaking so that she went into Spanish and I would have the Spanish. And so our first tours abroad were in Santo Domingo as counselor officers in summer of '78.

Q: Well, let's talk about Nimetz. Was he any relationship to the admiral by the way?

RIES: No, spelled differently. Nimetz, Matthew Nimetz is spelled N-I-M-E-T-Z, and the admiral, name of admiral of World War II is N-I-M-I-T-Z.

Q: Counselor of State Department is -- covers a multitude of sins.

RIES: Right, right.

Q: What was it at the time?

RIES: Matt had been a law partner with Secretary Vance at Simpson Thatcher. He was in many ways Cyrus Vance's Cy Vance. He was very young, very well respected. He had worked in the Johnson White House. He had clerked for Justice Brennan I think in the Supreme Court, Harvard Law, Yale, very smart, but a very good guy. Vance used him for special projects. He was responsible for return of the Crown of St. Stephen to Hungary. He was responsible for Cyprus. You'll recall that Turkey moved into Cyprus in 1974. We had an embargo on Turkey in arms sales to Turkey. So Nimetz was trying to link relief for Turkey from the embargo with a possible settlement on Cyprus. He was involved in securing agreement for SALT (the Strategic Arms Limitation Agreement with the Soviet Union). And various other kinds of tricky political challenges. There was a small staff. There were only two special assistants and me. And we worked on these various issues and, I made sure that he was supported with paper, sat in on meetings and did seventh floor staff stuff.

Q: How did you find being a staff assistant? Because this is often the way to move ahead. But you're so -- you're so new in the business --

RIES: Yes.

Q: -- that it's almost --

RIES: Well --

Q: -- over your head.

RIES: No. It was great. It was very good for me, and because I'd been in Washington for six years already I kind of understood the process. I learned in my very first job what good paper and, good operators were like. And because he had all these hot issues the officers that we dealt with were really among the best of the era. I got a lot out of it. I was -- I later was in another principal's staff position in the mid-'80s and I benefited from having done it before.

Q: Mm-hmm. Did you get any feel for Cyrus Vance?

RIES: He was a very polite man. I was on the fringes of various meetings with him, ushering people in and out. He was extremely attentive, I thought, a true gentleman in the old school. I didn't interact with him substantively. But I liked him.

Q: How did you find sort of the geographic bureaus and also the Political-Military Bureau?

RIES: We mainly dealt with EUR (Bureau of European and Canadian Affairs), which was then even more than today the biggest, strongest regional bureau. The bureau did very high quality work and had high standards.

Q: Do you recall any of the issues about the Crown of St. Stephens except just return it?

RIES: It was highly controversial. The Hungarians were communists at the time. It's the '70s. And remember, it was only '56 when the Soviets crushed the effort by the Hungarians to leave the communist system. There was a lot of bad blood about it among Hungarian émigrés and other anti-communists. Cuban-Americans and others all over the country thought it was an outrageous thing to give back the Crown. But President Jimmy Carter just felt that the Crown of St. Stephen is the symbol of Hungarian nationhood and that we had no right to keep it. But it was very tricky. And the people said, "Well, you ought to get a high price for it."

Q: Mm-hmm.

RIES: The administration basically didn't get much of a price for it. They did it as an act of good will. It was in some sense I think ahead of its time because it recognized the power of nationalism amongst the Eastern European countries that were within the communist bloc. The Prague Spring in '68 had been evidence of how the Czechs wanted to be Czech and the Hungarians really wanted to have the symbol of their own state. When you think about it wasn't but 11 years later when Solidarity in Poland started the crack up of the old Soviet system, the fall of the Iron Curtain and all the rest. I think it was very farsighted policy. I don't know if anyone at the time understood all the implications.

Q: No. I've interviewed Phil Kaiser.

RIES: Mm-hmm.

Q: And he was the ambassador at the time.

RIES: That would be interesting.

Q: When one looks at it Hungary was sort of not -- it wasn't dramatic, but it was a slow change, which in a way became almost the key of the breaking up of the Iron Curtain.

RIES: That's right.

Q: Yes, and at a certain point without making a big fuss about it they kept -- opened up the gate.

RIES: I think our giving back the crown was the beginning of that process, or might have been part of that process.

Q: Yeah. No, I mean it's one of these unheralded things. And it's very Jimmy Carter.

RIES: Mm-hmm.

Q: It's the right thing to do, and so do it.

RIES: Right. Yes it's true. Matt Nimetz was very much involved in that line of thinking. It was the right thing to do.

Q: Did -- well, then you and your wife were getting ready to go to Santo Domingo?

RIES: Mm-hmm.

Q: How did you feel about that?

RIES: It was an interesting decision. Probably the first sort of strategic move I made in the State Department. Matt Nimetz was willing to get me a job in Europe and the European Bureau was willing to hire me. Basically I could go off and take an economic job in London or Brussels or something like that because in those days system was less competitive and more appointive, if you will. But personnel counselors advised me not to take patronage like that but rather go do a consular job and show that you can do something really hard. In fact, we were looking at two pairs of jobs, one in Santiago, Chile and the other in Santo Domingo. The junior officer personnel counselor said, "Don't take the Santiago jobs. Go do something hard. Go do a visa mill and show that you can handle it." And so we did. We said OK, no Santiago, we'll go to Santo Domingo. We could have gone to a Mexican border, but there weren't two jobs in Juarez or Tijuana. So we went to Santo Domingo, and worked on the line.

Q: OK, well let's talk a bit about Santo Domingo. Who was the ambassador there?

RIES: The ambassador was Robert Yost, a very good man. His DCM was Jim Tull.

Q: Let's talk -- who was the head of the counselor section?

RIES: Larry Lane.

Q: Who had quite the reputation.

RIES: Oh absolutely, superb. Best career consular officer. Very upstanding, good manager, a good role model.

Q: OK, let's talk a bit about the work, consular work there. What were the pressures and --

RIES: I spent -- I spent a year in the consulate in total, six months on the NIV (non-immigrant visa) line, about four weeks in the IV section, immigrant visa section, and then five months as the head of the fraud unit. And the fraud unit was composed of just one American and some local investigators. The American head of unit job that typically went to the officer with the best Spanish.

Q: Mm-hmm.

RIES: I had succeeded a Cuban-American and was probably followed by another really fluent speaker of Spanish. But I was the best they had at the time, so I was made head of the fraud unit. So I did the visa line, which was very intense, interviewing people behind a window, making decisions, up and down very quickly. I then did some immigrant visa work, very little because my wife was in that section. They wanted to keep us separate. Finally I took on the fraud unit, which was, you know, longer interviews with people who we suspected were involved in fraud and we were trying to find out what the networks were.

Q: Well, what was the, the modus operendi of the fraud people for the most part?

RIES: The traditional fraud unit case involved an interviewing vice consul looking at a case, either an immigrant visa case or a non-immigrant visa case, and deciding that the case looked fishy. And we would send the case to investigations. The applicant and the file would be sent separately to investigations, it was around the side of the building. In Investigations we had four local investigators and the American unit chief. Sometimes we'd talk to the applicants. Other times we'd just check documents. For example, every visa case depends on documents in one sort or another, as you know well. So you would send an investigator to the village to see whether a birth certificate was real or fake.

Q: Just checking my time here.

RIES: Later it emerged -- five or six years later -- that the local head of investigations was also on the take and he could get bought off by the fraud guys. I never felt comfortable not having a check on what the investigators told us. But we did find lots of bad paper, we just didn't find it all.

Q: There are all these wheels. I -- at one point I was consul general in Seoul, Korea.

RIES: Mm-hmm.

Q: And there were -- I was busting up one fraud unit while another one was starting down in the mailroom.

RIES: Right. We used to say that every case is bad. Every single case that you have has some document or claim that isn't quite right. And the question is, is it material or not? I think the challenge of consular work is understanding that it's a world of grays rather than a world of blacks and whites. One of the things I did in my spare time was write a paper, sort of a manual, about documents presented in applications. It was a 10 or 15-page paper that explained, this is what to look for in birth certificates, this is what to look for in marriage certificates, this is what to look for in bank documents. These are the elements of a good one. This is what a bad one looks like. We illustrated the paper with examples from our files to show new officers when they came in. These tips had been

passed on through oral history of the older officers teaching the younger officers, but the idea was that we'd actually have a practical manual. Larry Lane liked that. And that was probably the only notable thing I did while in the Consulate.

Q: Well, were you affected -- the fact that so many are -- speaking as a consular officer -- so many of our young officers come in to the consular business, they come through schools where essentially very few people lie to them and for some it really affects them to have this. I mean this is such an affront to understand that they are interviewing people who had to survive by lying.

RIES: Right.

Q: Did this have an affect on you?

RIES: It didn't affect me, but I saw that impact. We had an officer who as I recall was the son of a preacher. And he was upset every day. And Santo Domingo's a very stressful place. So we had some burnout cases and the fact that people are lying to you was a contributory factor to people to not being able to put up with it. Nowadays with terrorism and Baghdad and things like that it seems like a high class worry, but it was a fact. People were upset. But I had grown up in Latin America and so I was kind of used to the culture so I didn't take it too seriously.

Q: And also a sense of humor is really important.

RIES: Yes. For consular work sense of humor is vital. And you have to be able to put it away, you know, at the end of the day when you walk out and not mull over cases, just do a case and settle it. The thing that I took away from consular work for a later time was the ability to say no. Much later on I was a trade negotiator and negotiated lots of documents. And sometimes you're in a negotiation and the tendency becomes oh, I don't want to tell them, oh, they really need this and I've got to do something for them. And I would always sort of say to myself I was a consular officer, so I can say no, just no.

Q: Yeah.

RIES: Don't take it personally, but no.

Q: Yeah, no.

RIES: I always tell junior officers that consular work is vital. Everyone is a consular officer first, whatever else you do later. If you can't succeed at consular work you can't succeed in the Foreign Service. No one should think just that this is something unpleasant, I have to get through it. It's actually part of basic training.

Q: Yeah, and you learn a lot about people too.

RIES: A lot about people. And you have more contact with more foreigners all day long than in any other field in foreign policy, or any other field in the State Department.

Q: Well, what was the state of -- political state in Santo Domingo when you were there?

RIES: In 1965 the U.S. had intervened in effect to prevent a dreamy leftist named Juan Bosch from serving his second term as president. What had happened is that Bosch had won the election, but there had been a "golpe" or coup by the Dominican military to prevent him from taking office. There was some fighting between forces supporting Bosch and the military seeking to overthrow him. President Johnson sent in the U.S. military to restore order. Subsequently, a new government was crafted, followed by a new election. The new government was led by Joaquin Balaguer, who had been a minister under the long dictatorship of Trujillo. Joaquín Balaguer took office in '65. Fast-forward now. It's '78 and there was an election and Balaguer lost. It was first time he lost and he was beaten by a man named Antonio Guzmán. And the military made moves like they wouldn't let Guzmán take over, although Guzmán was not the dreamy leftist Juan Bosch had been. In fact, Juan Bosch also ran in the election. Guzman was a more sensible moderate. This time the U.S. intervened by telling the Dominican military to stay in the barracks. All this is taking place in July 1978. I arrived the week just before the inauguration of Guzman, which the Dominicans were calling *El Cambio*. Guzmán was a well-meaning fellow though apparently had various psychological problems that emerged four, five years later when he committed suicide. And Balaguer wasn't finished. He actually did win several more terms by which time he was nearly completely blind.

Q: Those people, the names kept popping up.

RIES: Right. Balaguer in particular was in Dominican politics for a very long time. But this was a heady time for the Dominicans. They were very pleased with themselves for their first peaceful democratic transition of power in Dominican history and a situation in which the old instincts had emerged but had been put down with help from the U.S. SOUTHCOM (United States Southern Command) in Panama. So it was a good time for the U.S./Dominican relations.

Q: Was the ghost of Trujillo always present there or not or --

RIES: Fading. It's a young country and Trujillo died in, I don't know, '59? '61? Somewhere in there. It had been a long time previously.

Q: Yeah.

RIES: So not really. I mean there were characters like Balaguer. You know, anybody who's over the age of 40 had some role in Trujillo's kind of crazy regime. There was a Gabriel García Márquez book called The Autumn of the Patriarch, which is all about the end of Trujillo. It was very apt. He was mystic and quite mad at the end.

Q: Haiti was just completely in another world?

RIES: Yes, it was. My wife and I traveled several times to Haiti on weekends. It is a special place. In those days Haiti was run by Jean-Claude Duvalier, known as "Baby Doc." It was very poor, much poorer than the Dominican Republic. But it was vibrant and full of art and music.

Q: Did you have much contact with Dominican society?

RIES: Yes. We had Dominican friends who either we knew directly from the consulate or we met indirectly. We used to go out to nightclubs and Dominican restaurants. We spoke Spanish in that respect it was an approachable community. Now, if you're a vice consul in Santo Domingo it's, sort of equivalent to being ambassador to the Court of St. James. You're a big fish in this society. Everyone knew your car. You always got the best tables at restaurants. You were a celebrity. And Dominicans all wanted to know a consular officer. So there was a problem actually of keeping your distance rather than, rather than actually gaining access.

Q: Yes, I used to have a problem in Korea. I was looking - maneuvering so I wouldn't be caught in a corner by high-ranking people who --

RIES: Right. Everybody has a visa case to push.

Q: Well, then how did your -- where'd you go next after that?

RIES: We both rotated into the Embassy. I became an economic officer and my wife served as a political officer in the embassy from '79 to '80.

Q: What was the economy of the Dominican Republic like?

RIES: It was based on sugar, tourism, ferronickel, some little bits of coffee and little bits of agricultural commodities. But sugar and tourism are the big bulwarks.

Q: Well, now how were we treating Dominican sugar? I mean you have Ellender and his company from Louisiana and other places.

RIES: The Dominicans had always benefited from preferential access to the American market under the old sugar quota system. Most of the big sugar plantations in the country were folded into an American conglomerate in the '60s called Gulf and Western. G&W was put together by a fellow named Charlie Bluhdorn. As a big employer, Gulf and Western was very important in Dominican politics. On some attractive former sugar plantation land G&W also created a big resort, Casa de Campo, which was the DR's first international class resort. Bluhdorn really liked the Dominican Republic and he spent a lot of time down there, more than a corporate executive might otherwise do.

Q: So they weren't particularly in competition. They were just part of the American sugar lobby in a way or?

RIES: Yes. In the U.S., domestic cane and sugar beet farmers faced only very controlled competition from foreigners. The sugar quotas were handed out as political favors to particular friends of the United States, which was how the DR (Dominican Republic) got a generous sugar quota. Whether it was disproportionate or not I think is a matter of argument, but it was generous to them. In the 1980s the U.S. sugar beet industry expanded and the amount of quota available for the foreigners went down. Then, the program was adapted to comply with WTO (World Trade Organization) rules. It was reduced proportionally. By the early '90s the DR had very little quota and was more dependent on international market prices for sugar, which were much, much lower. But these were the good old days before all that happened.

Q: Did Cuba play much of a role there?

RIES: The Dominicans like Cubans. In many ways the DR is a junior Cuba. It has baseball teams like in Cuba. It has a seaside Malecon like in Havana. Dominicans love Cuban music. They're culturally very attuned to Cuba. Part of the back-story to the 1965 intervention was we were afraid Juan Bosch was another Castro and he would be supported by Castro and encouraged by Castro, not so much materially, but morally. So yes, there is a relationship between the DR and Cuba.

Q: All right. Well, I think it's probably a good place to stop.

RIES: OK.

Q: And I'll put at the end here so we'll know where to pick it up. Where -- where did you go? You left in '70 --

RIES: '80. 1980.

Q: '80.

RIES: That summer I was paneled to go into the six-month economic officer training course --

Q: Mm-hmm.

RIES: -- that had just been established.

Q: Was Jacques Reinstein's -- oh, maybe he hadn't taken it over.

RIES: I don't think so. It was 1980 and President Carter's budget didn't get through Congress. So State was on a continuing resolution. The course got canceled at the last minute as a way of saving money. In June I it looked like I would leave Santo Domingo with no particular place to go. I recall that two or three days before departure I was paneled to go to the Olympic Boycott Task Force that Nelson Ledsky was running.

Q: So we'll pick it up there.

Q: Today is the 6th of October, 2010 with Charlie Ries. And Charlie, we left -- you left Santo Domingo and you went to take a job and it was an issue, not a country.

RIES: Yes. I worked on the Olympic Boycott --

Q: Olympic -- it was the Olympics, right.

RIES: -- only for a couple weeks. It was about four weeks putting on alternative sports events. In 1980 the boycott at the Olympics had already been settled. The Olympics themselves hadn't taken place, but the countries that were going to boycott had decided to do so. We were interested in organizing sports events for the athletes from those countries so that they could compete at the international level. I worked on two. I worked on a field hockey tournament that was out in Oregon somewhere and a boxing tournament, which took place in Kenya.

Q: Uh-huh. What was -- just to get a feel, what was the attitude? You know, in retrospect, to interrupt a world event because the host is being nasty, was that a good idea or not?

RIES: I think in retrospect we should have found a different way to indicate to the Soviets that they had overstepped the bounds of propriety by invading Afghanistan. It is hard to put us back in the time. Remember what Carter faced -- the hostages were being held, and it was the all-encompassing issue. The administration was under attack for being weak. The economy was in free-fall or seemed to be so. I guess the president wanted to take a firm stand. But it meant that the entire burden of the sanctions fell on those couple thousand athletes who had spent to four to six years of their lives training for this moment. In retrospect, it was unfortunate and we probably wouldn't do it again. There were people, for example, who called for boycotting the Olympics in 2008 in China because of Chinese repression of Tibet. But that never got anywhere. Anyway, I think we've moved away for using sports as a vehicle for political retaliation.

Q: Well, then what did you do?

RIES: It was only a matter of weeks because I was quickly hired away by Tony Lake.

Q: I was going to say where did you go?

RIES: I went next to the Policy Planning staff where they had lost a junior speechwriter who had been hired by Warren Christopher who was then deputy secretary of state. I went to work on the Policy Planning Staff on the speechwriting team of the Policy Planning Staff, which was led by Sandy Berger, later to become the national security advisor in the Clinton Administration. Sandy led a small team of speechwriters who developed speeches for Secretary Muskie. And I was the junior man on the totem pole, which meant that I basically kept up a question and answer book for the secretary. Every

day the secretary had a fresh question and answer book that had things for him to say on the pending events on the day. And it was my task to get answers from all over the building and then put them in "Secretary-speak," which is to say more substantive than the building would ordinarily give you. So that was a good lesson in what it is that senior officials should say about breaking events.

Q: Would this parallel be raised to a higher degree of that for the spokesperson?

RIES: Yes. Often what would happen is the bureau would give you a Q&A that they had done for the spokesperson, which would often say something like I have no comment on that or our position has not changed or something like that. And the spokesman can say that kind of thing. The Secretary of State can't say that. You have to restate what our policy is and say it in, you know, the tones and with the voice the Secretary of State is expected to have. I had to learn how to do that and Sandy Berger was very generous in helping me do it. It was good practice for me. But again, I was only there a short period of time because the administration was ending and I was offered a permanent job in the Economic Bureau in the Energy Office, which with Tony Lake's and Sandy Berger's support, I took. I started in October 1980 in the Office of Energy Consuming Country Affairs in the Economic Bureau.

Q: Well, this was in the -- where, in the EB (Bureau of Economic and Business Affairs)?

RIES: EB.

Q: EB Bureau.

RIES: Mm-hmm.

Q: And you did that from when to when?

RIES: I started in October just before the presidential election in 1980, and I stayed there until the summer of 1983, so three years.

Q: And this is what, in energy?

RIES: Yes.

Q: Of remaining oil or --

RIES: Remember, there had been an energy crisis in 1980 and there had been almost continuous energy crises since the oil -- Arab Oil Embargo in 1974. There were two offices in EB at the time working on energy, under a deputy assistant secretary. These were the Office of Energy Producing Country Affairs, and the Office of Energy Consuming Country Affairs. The Energy Producing Country Affairs Office often focused on OPEC and countries that were producers that were friends of ours, like Canada. The Energy Consuming Country Affairs focused on the strategies of energy consuming

countries to develop sensible energy policies and to cope with the thread of disruption. In practical terms that meant that the energy consuming country affairs office was responsible for much of the work in the IEA, International Energy Agency, which had been formed in the '70s in Paris by OECD (Organization of Economic Cooperation and Development) members. But the energy consuming countries office also paid attention to energy policies of developing countries, that is, the effort to help developing countries adopt sound energy policies and develop alternative energy fuels. Because I was, again, the junior person in the office, I was given part of the development portfolio. I was responsible for developing countries' energy. In particular, there was a conference, a UN conference on new and renewable energy scheduled for the following year, 1981. And I was first was assigned to help the guy who was preparing for that, and then he left to take a job in Paris, and I took the main responsible of planning and preparing the UN Conference in New and Renewable Energy.

Q: When you say renewable energy, what does it mean?

RIES: Well --

Q: At the time.

RIES: At the time -- this was an era -- the '70s was an era of global conferences. There was a world food conference, there was a world population conference, there would later be a world conference on women. And it was also the era of the developing countries, the G-77, developing strength and credibility, and calling for "a new international order." In that context many developing countries wanted to have a global energy conference because energy prices had doubled and tripled. And they wanted the western world to pay their higher energy prices. The OPEC countries didn't want to find themselves under attack at such a conference for raising oil prices. And so they recast the global conference so that it was not about fossil fuels, coal and oil, but made it was about new and renewable energy. So it the UN Conference on New and Renewable Energy was scheduled for August of 1981. And it ended up being about how to foster new and renewable energy. You know, and most of the UN conferences that had proceeded it -- the UN Conference on Environment, the UN Conference on Food, the UN Conference on Population -- had resulted in the creation of a new institution. And so there was an expectation that the result of this conference would be a UN office or UN agency for new and renewable energy promotion, or something like that.

Q: Well, were we talking about things like solar energy --

RIES: Solar, biomass, wind, all those things, yes. Even then, 30 odd years ago.

Q: Yeah. I notice in the paper today we have -- there's a picture of Jimmy Carter looking at solar panels --

RIES: On the roof, yeah.

Q: -- on the roof of the White House --

RIES: That was the time.

Q: -- that he had installed now in the '70s.

RIES: That was the time, yes.

Q: How did this -- I mean were we into this thing with enthusiasm, as in the United States --

RIES: Well, the Carter Administration as very enthusiastic about promoting renewable energy and the -- and the Carter Administration was also very keen on tackling the energy challenges of the next generation. You'll recall that the president, his famous speech that didn't use the world malaise but was always called the "Malaise Speech" actually focused on energy policy. Energy policy was extremely important to the Carter Administration and that's why this was a great job from the standpoint of the policy. And they had other proposals. They had proposals, for example, that the World Bank would establish an energy affiliate, which would invest in development of new energy resources, both traditional and new all over the world with billions of dollars of financing. But what happened was that in January -- I got there in October, but in January the Reagan Administration came into office. And the Reagan Administration was less interested in a new international institution, and the Reagan Administration felt that new investment in renewable energy should happen, but it should happen by the private sector getting into it and through market mechanisms. And so they killed the World Bank Energy Affiliate and they were keen that the UN conference not result in a big new international aid program for energy, but rather it be the first time that global community came together to set the incentives right for private investment.

Q: Were you knowledgeable in this field at all before or did you bring yourself up to snuff rather than --

RIES: Actually I'd worked on energy policy -- before I came into the State Department I worked a think tank. I was a coauthor of a book called Raw Materials and Foreign Policy and I'd worked on the first OPEC crisis in 1973, '74.

Q: How did you feel about the, the opportunities and chances for something happening, either government sponsored or private sponsored?

RIES: From my standpoint it was a professional job to do the best I could to make the case for the administration's position. I think there was a moral issue here. This was really about helping to develop, and advocate for a policy that had every prospect of succeeding had it been undertaken.

Q: Was nuclear considered part of the equation?

RIES: Not really. I can't remember how nuclear was treated in the documents from the conference, but many of the NGOs and other environmental groups that were active in this effort were anti-nuclear. It was the same period in which the Europeans, except for the French, turned away from nuclear. The Germans announced that they wouldn't build more plants. All that was out there at the time. Nuclear may have been mentioned in the communiqués, but it was not seen as a solution. Especially not a solution advocated for the third world when we were simultaneously pushing hard on non-proliferation.

Q: So what happened when the Reagan Administration came in? They shot down the whole procedure as far as you're concerned?

RIES: They didn't withdraw from the conference. They just took a new policy approach as to what they expected to come out of the conference. They also decide not to support the World Bank Energy Affiliate, which was a separate issue. It was not directly related to the conference. But the first couple of months of the administration, February, March, April, there was a big interagency policy process to figure out whether we would continue to move forward with the energy affiliate proposal. The driving thing was the interim meetings of the World Bank and the IMF in April. And by April the administration reversed the position of the previous administration and said that they would not support World Bank Energy Affiliate, and it died right there, because without our support nothing of that nature happens in the World Bank. Then we were focused on the conference, which actually took place in Nairobi, and developing the documents for the conference itself. From my standpoint the cool thing about it was that while I was relatively junior, I was 30-years-old, I guess because I was the EB representative, State Department, but on the economic side, and the head of delegation was an experienced FSO (Foreign Service Officer) ambassador, I ended up being the substantive negotiator for much of the political part of the agreement in Nairobi and prior to that in preparatory conferences. And that was very cool. I had never actually negotiated a document before that time and I spent most of two weeks in the U.S. chair doing most of the negotiations.

Q: Well, what were sort of the political elements to this?

RIES: There were a lot of things happening simultaneously. The developing world was trying to establish that their underdevelopment was a result of colonialism or exploitation by the developed world. There were OPEC countries trying to dodge any responsibility for harming developing countries by raising prices for oil and changing the economics of energy. There were a lot of people in the environmental community, as well as the UN agencies that wanted the establishment of a new permanent agency to deal with this issue. And we had views on all those things. Plus, we wanted to have the private sector and the importance of incentives somehow enshrined in the document as a concern and an objective, which had never been done before in the UN. As I remember it, my instructions were that I was basically to make sure that there were no new funds, no new institutions and the role of the private sector was recognized. And we succeeded. Although the document never says private sector it talks about -- I can't remember what the euphemism is, but there's a euphemism that was used for it. But that document,

because it didn't establish a new fund, didn't establish a new institution, has largely been forgotten in the mists of time.

Q: Who was calling the shots in the Reagan Administration on energy?

RIES: Well, I remember the World Bank Energy Affiliate review was run by a young, a young White House staff guy named Richard Darman, who later became much more famous. And Jim Baker took a keen interest in it as chief of staff, as did Bob Zoellick. The Energy Department had been created as a cabinet agency under Jimmy Carter. His first secretary of energy was Jim Schlesinger, who left when the administration changed. I can't remember who his successor was in the Department of Energy under Reagan, but DOE only was influential on the technical side. The policy side was driven by the White House and to a lesser extent the Treasury.

Q: Mm-hmm. Well, then did -- what was your view of the OPEC countries? Were they -- did they see this as a possible threat or did they see this as maybe taking some pressure off them?

RIES: This conference was a success for them because they didn't get blamed for anything. The OPEC countries basically created and sought to utilize a cartel in order to increase the price of oil, because in the '70s they had most of the swing production capacity. But by 1981 they were just about to lose it all. The -- the high prices of the '70s led to a lot of exploratory activity and a lot of discoveries in places like Angola, Nigeria, and Kazakhstan and places like that. So there was a lot of new oil coming out on the world market and the economy was soft at the beginning of the Reagan Administration. There was a world economic recession. And as a result, despite a spike as a result of the start of the Iran-Iraq war, oil prices tumbled by '82 or '83. I don't remember when the low was, but OPEC was just on the verge of losing all of its clout and economic significance. But OPEC was still politically a symbol of developing countries power in rising up against economic exploitation by rich countries.

Q: Well, you kept in this job for three years?

RIES: Uh-huh.

Q: It would seem that most of the action was right at the beginning.

RIES: Ah, au contraire (on the contrary). It was only the beginning. What happened was that just when I came home from the Nairobi conference another person in the office left to take a job in New York. Then I got responsibility for East/West energy, which was a much bigger deal than North/South energy. I used to joke that I'd changed my orientation by 90 degrees. And the East/West energy issue of the time was the effort by the Reagan Administration to kill the Siberian gas pipeline.

Q: Yeah, this is -- you need to explain what that was.

RIES: The Siberian gas pipeline was a large 56-inch, 3,000 or 5,000-mile long pipeline to bring gas to Western Europe from new fields in Western Siberia. The Western Europeans were proposing to lend the Soviets the money to build this pipeline and also finance it by buying most of the new gas. And the Reagan Administration was very concerned that all that Soviet gas supplied to places like Germany, France, and Italy would make them dependent on the Soviet Union and have political consequences, allow the Soviets to threaten to cut them off once they were dependent on them. And it was thought the mere threat would be enough to neutralize their engagement on the western side of what was then the Cold War. The Reagan Administration mounted an effort to prevent them from doing this deal. First, on the credit side, the U.S. was opposed to the use of subsidized credit to build this pipeline, which we thought was not in the West's interest. That issue was not the responsibility of the energy policy office I was in. It was the responsibility of another part of the Economic Bureau. Second, the Administration sought to stop the pipeline through the application of U.S. export controls to block the use of U.S. technology to make the turbines that would pump the gas. And in June of 1982, after a huge and bloody internal administration debate, the president approved the extraterritorial application of U.S. export controls on technology providers, which prompted a huge reaction from our European allies. And ultimately, the allies defied the application of the U.S. export controls, refused to allow the extraterritorial application of our law, which had never been attempted before. And within about a month, or a month and a half, we withdrew that assertion of authority. But in the context of an overall agreement, we got European acquiescence to a process to reach a general consensus about how much energy dependence on an insecure supplier would be the limit. The idea was that that agreement would be reached in the rest of the year 1982 and consummated as one of the main focuses of the Williamsburg G7 Summit of 1983.

Q: So in a way, what did the summit resolve?

RIES: The summit ratified an energy security policy decision by IEA countries, basically the Western Europeans, the U.S., Canadians and Australians. It codified agreement on what kinds of steps countries would need to take to ensure the security of their energy supplies. And in particular with gas, what proportion of imports from insecure sources would be too much and, and why, and what kinds of ways countries could mitigate dependence on insecure sources. The development of that consensus took a long time, a lot of meetings, and a lot of discussion about search capacity and storage and technical aspects.

Q: How did we view the Soviet Union at the time? I mean this is still --

RIES: This is the Reagan Administration.

Q: -- real Cold War period. It was beginning to thaw, but --

RIES: In the early part of the Reagan Administration, the Soviets were thought to be the biggest challenge for the west. The Reagan Administration was concerned about Soviet development of large intercontinental ballistic missiles, new warheads, mobile theatre

weapons and all other kinds of threat. And in response the Reagan Administration was seeking to station intermediate nuclear missiles in Europe, which was also controversial in --

Q: This is to counter the SS-20s.

RIES: To counter the SS-20s, exactly. So that is the general context.

Q: Well, did the gas line come through?

RIES: Yes, it's built. It works today.

Q: And have there been any problems with it?

RIES: Well.

Q: I mean politically.

RIES: A couple things happened. As a result of the dispute, we did have a debate about the question of dependence upon insecure sources. And European gas policy, which at the time had been driven entirely by the gas companies -- Ruhrgas and Gaz de France in particular -- was subjected to a political evaluation. Europeans became more sensitive to the issue, which was a success for the Reagan Administration. The other thing that happened was that the Europeans had been reluctant to develop or to bid on and to pay for gas from the northern North Sea that was being developed, or would be – new acreage was being opened by the Norwegians. Gas in Europe in the '50s and '60s came from Holland. Huge gas fields were discovered in the late '50s in Holland and the European industrial growth and sort of home heating in Europe in the '60s came from Dutch gas basically. But Dutch gas was running out, which was why they wanted the Soviet gas, because it was cheaper. To assure us and because their security sectors became aware of the problem as a result of the big dispute, in the end European companies, like Shell and BP, paid a premium to develop then-frontier sources of gas in Norway, including the Troll field. The production of gas from there blended with Soviet gas so that in the end Europe was not as dependent upon Soviet gas in the '90s in a sense that it first appeared that they would have been. And so in retrospect, and in the long view, the Reagan Administration had put an issue on the table, although in a messy way. There had been a big dispute. U.S./European relations were rattled by this and other transatlantic disputes of the era. But some good -- some considerable good came out of it in terms of energy preparedness and attention to security aspects, particularly with gas. Gas is special because with gas you're attached to the supplier by a pipeline. And the supplier has the valve that can shut you down. Think of your own house. If the gas stops in your own house you're cold. And there's usually little option in the short term to replace that. In recent years we've seen disputes that the Russians have had with the Ukrainians that led to the shut down of these pipelines and problems in Europe that would have been much more acute had we not had this debate and adopted the policies that were done in the '80s.

Q: Yea. I mean one of the things that I keep getting heard mention is oil is fungible. In other words, once it gets on a tanker it can go anywhere --

RIES: That's right.

Q: Where gas is --

RIES: Is not.

Q: -- is consumer specific.

RIES: Right. You're tied up to a pipeline network. If the networks are sophisticated and have lots of sources of supply and there is some ability to bring in LNG in tankers you have options, but for the most part with gas you're geographically tied to your suppliers. Now in the United States it's basically Canada. Canada and Alaska supply U.S. gas demand. There's very little imported gas beyond that. Some from Mexico. So we don't have the challenge that the Europeans have.

Q: Were you very much involved in sort of the setup of sort of the American view on the -- the setup of these sort of safety valves and whatever you want to call it?

RIES: That was what the IEA worked on was all these policy responses. We put together a 90-page document or something like that, which was a negotiated, consensus document. It was called Energy Security Policy Conclusions, or something like that, and it sought to ratify that consensus. In recent years when this issue came up again I said let's look back at that document. No one could easily find it. So I think it doesn't necessarily have landmark status.

Q: Well, then so we're moving up to about what --

RIES: All right, so 1983 is when I completed that job. And that was -- effectively with Williamsburg Summit this and other transatlantic disputes related to the East/West trade and economic relations were settled. Then I went in to language training in Turkish for an assignment in Ankara that started in 1984.

Q: Well, at the Williamsburg Summit --

RIES: I wasn't there. I worked on it.

Q: You --

RIES: I worked on it from Washington.

Q: What were the participants?

RIES: It was a G7 summit. Reagan hosted it. So it was the UK, France, Germany, Italy, Canada, and Japan.

Q: This is before the Soviet Union, later Russia, was included.

RIES: Yes, Soviet Union was never included, but Russia was later, yes. It became the G8, yes.

Q: Yeah. OK, well then you went -- you were going to take Turkish. What were you going to do with it?

RIES: I was an economic officer, assigned to the embassy in Ankara.

Q: How'd you find Turkish?

RIES: Hard. It's a very hard language.

Q: Is it basically an Arabic, oriental -- I mean obviously Turkey stands on its own, but --

RIES: Turkish has no relationship really to Arabic except that during the Ottoman Empire it imported Arabic words for various things. You know, you say "Merhaba (hello)" when you see people. Arabic words have been incorporated in Turkish usage, but the grammar and structure of the language is related to Asiatic languages, Mongol and maybe even remotely Japanese. It's -- the grammar and the pronunciation are wholly unrelated to Arabic. I mean when you think about Arabic it's a language of consonants. And Turkey -- Turkish is a language of vowels. The Turks put great importance on what they call vowel harmony and it has sentence structure not dissimilar from Hungarian and Finnish with the verbs at the end. And so they used to be thought of as being related. I'm not sure where linguists are on it these days.

Q: Well anyway, after struggling through how did you come out of it?

RIES: I got a three plus, three plus.

Q: Very good!

RIES: I did very well, yes.

Q: So you served in Turkey from when to when?

RIES: From '84 to '86. Only two years.

Q: You went to Ankara?

RIES: Mm-hmm.

Q: How stood our relations and how stood the situation in Turkey when you got out?

RIES: It was a good time in Turkey. There had been a military coup in 1980. There had been sort of domestic terrorism and violence between supporters of Suleiman Demirel and Bulent Ecevit, the left and the right. And they were beating each other up on the streets. And so the military stepped in once again and imposed a new constitution in 1980. And Turgut Özal who had been a IMF or World Bank official came back -- or actually just before the coup, and became minister of finance and imposed a very, very dramatic economic austerity program on the Turks in 1980 because they, among other things, also ran out of money. And in 1982, still before I got there, Özal was elected prime minister with a new party that he created, which is unusual of an architect of an austerity program to actually be elected thereafter. But he was. He was actually quite an innovative leader in Turkish terms. He wanted to introduce market forces, and grow the economy. And it was very successful. So the economy was growing. There had been return to democracy, sort of. The military still maintained a paternalistic oversight and aspects of the Turkish Constitution that gave it that right in perpetuity have only recently been changed. But there was optimism in the air and Turks were quite positive in their relations with us. And so we had a good relationship. The United States Embassy in Ankara was the most important bilateral embassy to the Turks. We had great access. And because the prime minister was an economist, the Economics\ Section was an important part of our efforts. So it was a good time to be there and a good issue to work on.

Q: Who's the ambassador?

RIES: Robert Strausz-Hupé.

Q: Mm-hmm. I used to -- the grand old man --

RIES: Right. It was his fifth embassy.

Q: Fifth embassy.

RIES: He was first appointed ambassador to I think Belgium or Sweden in the Nixon Administration.

Q: Yeah. Was he an economist or I mean --

RIES: No. No, no, no. Robert Strausz-Hupé was a -- he had come -- he was a refugee from Nazism, had come to the United States before World War II and was an academic. He was a political scientist and had founded the Foreign Policy Institute, I think it's called, at the University of Pennsylvania in the '50s. And amongst Ivy League Foreign Policy centers this was the only one that was right of center. He supported -- Strausz-Hupé supported Goldwater and, and also supported Reagan. And he was -- I don't know, for policy terms you might call him a realist. He was very skeptical of Soviet power and so forth, and was writing and supporting research in that area, era, all the way through. And he was -- thus, he was ambassador in NATO, he was ambassador to Sri Lanka,

Belgium, and Sweden during the Nixon Administration. When Reagan came in he made him ambassador to Turkey, which was the job that Strausz-Hupé wanted.

Q: How did you find the embassy?

RIES: Well, it was a very traditional embassy, you know, you know, a political appointee ambassador with great relationship to the president, you know, a traditionalist DCM sections.

Q: Frank Trinka?

RIES: Frank Trinka was DCM.

Q: Mm-hmm.

RIES: And you know, a proper embassy with, you know, traditional diplomacy in practice.

Q: Yeah. Frank and I go way back. We -- we were in -- actually in Frankfort together as junior officers --

RIES: Well, you would agree that Frank is old school.

Q: Yeah. And Frank was not -- he -- rather solemn, except with his wife -- I went on a field trip with Frank in Montenegro and Suzanne and it was something. They're still married, but boy oh boy, did they get at it (laughs). Anyway, what -- what piece of the action did you have?

RIES: I did energy, I did export controls, I did science, I did environments, I did kind of a lot of, if you will, special sectors: technology, telecommunications, aviation, and things like that.

Q: This must have been a lot of fun, I would think.

RIES: Yeah, it was a lot of fun.

Q: Because you know, form what I gather from what you're saying the Turks were sort of on a role. I mean they were --

RIES: They were. They were doing lots of things. We did a number of agreements with them. We did a -- I worked on -- we did a bilateral investment treaty. I did, you know, people came in from Washington to negotiate, but I sat in on all the negotiations and I was the control officer from the embassy. And then I actually negotiated the conforming of the Turkish and English texts later on. We did a textile agreement, which I did not do. I didn't do trade. We did a safeguard agreement. We did a bunch of -- a bunch of economic things and we created a high level economic consulted of mechanism that met

once or twice a year to talk about economic issues with the Secretary of State for Economic Affairs. So for a normal -- for an ordinary European country bilateral relationship we had a lot of action in the economic field.

Q: Well, did you find -- were there a new generation of Turks going off to European and American schools and coming back with ideas and staffing the ministries and all that?

RIES: Yes, somewhat, somewhat. The older generation were all had very little exposure to the West and particularly to the United States to the extent that they did look to France and spoke French. The new generation, the ones under 40 were more attuned to the United States and Great Britain and spoke English. But there weren't very many of them. And Turkey then was really did not see many foreigners. It was quite remote. The movie Midnight Express had come out in 1981, I think, 1982. And so people thought of Turkey as a dangerous dark place. And it wasn't that way at all, but that meant that there wasn't a lot of foreign involvement. There was not a lot of foreign investment. There were no foreign hotels, there were no foreign products around. It was -- it was just a very different time from Turkey today.

Q: For somebody reading this transcript, the movie Midnight Express was about an American guy who was caught smuggling hashish. And they concentrate on his time in a --

RIES: Turkish prison.

Q: -- very brutal Turkish prison. And the Turks took -- obviously took great exception this.

RIES: Right.

Q: And it was thrown in the Turks' face all the time.

RIES: Right.

Q: They had the same reaction, I remember, back in an earlier thing during when Lawrence of Arabia came out.

RIES: Right, that was also not too kind to them, yes. The Ottoman Empire.

Q: It -- and particularly the implied homosexual elements of one of the officers.

RIES: Yes. Also, I think the burning of the villages and --

Q: Yes.

RIES: That was pretty rough.

Q: You would be somewhat removed, but at the embassy were we looking at fundamental Islamist -- Islamics or not?

RIES: Well --

Q: I mean was this an issue or?

RIES: Yes, I mean there was -- more the political section, there was a – there was a politician by the name of Erbakan who founded an early Islamist Party that got banned by the military. Another Islamist was actually succeeded in being elected to Mayor of Istanbul. But he subsequently got banned, or the party was banned. The present Prime Minister of Turkey is more moderate, and his AK Party (*Adalet ve Kalkınma Partisi*, or Justice and Development Party) is a more moderate party that nonetheless drew its inspiration from those earlier efforts. But it didn't have any economic impact and I was not really involved and didn't meet these politicians.

Q: Where were Turkish economic ties? I mean and what did they have to tie with?

RIES: Well, Turkey prior to 1980 was an extremely insular and autarkic country. Most of the manufacturers were domestic. It traded very little with the rest of the world. It is a country blessed with good agricultural land, as well as minerals, and it basically was pretty self-sufficient. It also had a very restrictive exchange rate regime, making it very hard to acquire foreign currency, import anything. Özal changed all of that, devalued the currency, reduced tariffs and allowed for greater interface with the rest of the world. And as I remember the Turkish exports went from two billion dollars a year in 1980 to seven billion dollars a year in 1983, which was the year before I got there. It was a number we used a lot. In the 1980s -- remember that 1980 saw energy crisis and the doubling or tripling of oil prices and a lot of money going into the Gulf into the hands of Arab oil producers. Turkish contractors raced to the Gulf and started getting a lot of contracts since they were cheaper than European competitors. They started building mosques and highways and airports all over the Middle East. Turkish companies were the first to benefit from Özal's liberalization of economic policy. There were companies like Tekfen building pipelines around the world. The money was rolling in. There was some inflation in the economy, but it was mainly good growth. But it was still a country with a big state sector, a lot of state enterprises, a number of price controls and still dependent on commodity exports. They were in the throes of change, but it had a long way to go. It was still quite state dominated, economic structure.

Q: What about the Soviets? Were they Turkey -- did they have oil connections?

RIES: Actually, the funny thing that happened, the week after I got there -- and remember, one of my responsibilities was energy policy -- I had just come from working for two years on the East-West energy disputes -- the week after I got there the Turks signed an agreement with the Soviets to import Russian gas. And I said oh my, here we go again. And in fact, the Russians built a pipeline down through Romania and Bulgaria and supplied Istanbul with gas, which was for Turkey the first time they had imported

any gas or used any gas. They didn't really have any domestic gas. They had been using domestic coal to heat buildings, which meant that the pollution was miserable in the wintertime. I had to cover the issue. I had a feeling I was never going to escape Russian gas, but later did.

Q: Did that work well, I mean for the Turks and the --

RIES: That was the beginning of the gas industry in Turkey and the Turks today have another pipeline from Russia that goes underneath the Black Sea called the Blue Stream Pipeline. They also have a gas pipeline from Azerbaijan and through the Caucasus that brings gas into Turkey for export to the West. In fact, the Turks find themselves in the middle of that same debate about what degree are they going to facilitate energy security in Western Europe by serving as a transit point for gas from Azerbaijan, Iran and Iraq -- or are they going to be kind of part of the Gazprom monopolistic effort to dominate European gas markets. And that's an ongoing issue. In fact, the State Department today has a special envoy who is responsible for trying to promote more diverse energy sources.

Q: How stood things with Iraq and the Kurds during your time?

RIES: Well, this was a time when the -- Turks did not acknowledge that they had any Kurds.

Q: They were Mountain Turks?

RIES: Mountain Turks, exactly. The Kurds had limited human rights and were generally oppressed. It was before the days that the PKK emerged as a domestic terrorist group representing the Kurds. But there was some violence. I made a trip in Southeastern Turkey to look at oil -- pipeline and oil fields, and we had extensive security from the Turks because of the threat of Turkish terrorism.

Q: Was there any economic connection with Israel at the time?

RIES: Yes. The Israelis had an embassy and good relations with the Turks.

Q: Back to the thing that one thinks of -- how about the Greeks and Cyprus and all that?

RIES: Oh, well that relationship was bad. The Turkish invasion of Cyprus had taken place in 1974 and Turkish with Greece relations were not very good. We spent most of the '70s with an arms embargo on Turkey, which was lifted in '78 in the Carter Administration. But there was a little bit of movement. There had been a meeting in Davos between Turgut Ozal and Andreas Papandreou. There was a little bit of a "spring" in trying to reduce some of the tensions in the Aegean. But it didn't last very long. And then Papandreou politically used the Turkish threat when he needed to in the '80s, and became increasingly leftist and anti-American to boot. In Greece the Turks were identified as sort of American stooges, as well as the "Terrible Turks." So relations were

quite tense until the end of the '90s. So it was not a good time. I wanted to go to Cyprus on vacation and the ambassador banned it. You know, embassy officers shouldn't go to Cyprus because the Turks would not take kindly to it. And if you went to Northern Cyprus the Turkish occupied part of Cyprus, the Greeks wouldn't like it. So it was best not to do it at all.

Q: (laughs) Did you get out and around?

RIES: We did. We traveled a lot. Our kids were very young, but because both my wife and I had Turkish we took road trips in the country. We spent three weeks on the Aegean shore one summer and a couple weeks on the Mediterranean shore the next summer and we frequently would drive for 10 or 11 hours someplace. It was fun.

Q: Were there any high level visits that you got involved in or?

RIES: Secretary Shultz came to visit, and congressmen. The usual things.

Q: But you still felt that Turkey was -- I mean the thought of Turkey becoming part of Europe --

RIES: It was a member of NATO. And Turkey actually did apply to join the European Community in my time there. I think in 1985 they submitted an application to join the EC. It was a country that did not see itself as part of the Middle East. It sees itself as part of the Middle East more now than it did then. Turkey's attitude was, "We are not Arabs. We may be Muslim, but this is a secular republic that supports the right to vote, human rights for women and all these other things." They saw themselves as very different from the Arabs.

Q: Well, then leaving -- two years wasn't very long.

RIES: Actually it was a three-year assignment. I had to curtail. My son got sick and we had to take him back for medical treatment.

Q: Mm. So what did you -- where did you come?

RIES: Washington.

Q: To do what?

RIES: Again there was a period of a week or two in which it was not clear where I would work, but Dick Hecklinger, who had been my office director in the energy office five years before, was now the executive assistant or chief of staff to the Undersecretary for Economic Affairs whose name was Allen Wallis, a good friend of Secretary Shultz's. He hired me to work as a special assistant. So I was back on the seventh floor. There was a week or two in which it wasn't clear what I was going to do, but I was taking my son to medical appointments anyway. And then I got that job.

Q: How did your son work out?

RIES: Oh, he's fine. He's fine today.

Q: Yeah. That's one of the terrifying things being --

RIES: Right.

Q: -- in the Foreign Service. Well, I would think that it would be -- I mean you have had a secretary of state that's probably the most esteemed secretary of state.

RIES: Secretary Shultz you mean?

Q: Shultz.

RIES: Yes.

Q: One. And two, he's an economist.

RIES: Right.

Q: Among other things.

RIES: Right.

Q: This must have been kind of fun.

RIES: Oh, it was great fun. First of all, regarding Allen Wallis, who was the under secretary, it's worth a moment to say something about his background. He was a statistician. He was the coauthor of a book called The Nature of Statistics, which was the number one selling textbook for introductory statistics courses in universities for generations.

Q: Sort of the Samuelson --

RIES: Yes, the Samuelson of statistics. During World War II he ran the Office of Scientific Research in the War Department. That is the office that did a lot of groundbreaking research and worked out complicated mathematical problems for the military. Problems such as how to determine when a bomb sight materially improved the accuracy of bombs by figuring out sort of the average circle of error from actual tests. It was mathematics before computers. He also developed algorithms for loading convoys -- where do you put the tanks in order to make sure that the greatest number of tanks gets through. Those kinds of things. Afterwards he became the Dean of the School of Business at the University of Chicago, perhaps in 1946. As the Dean of the School of

Business of the University of Chicago, he hired Milton Friedman, George Shultz, and Beryl Sprinkel, who later became the Chairman of the Council of Economics --

Q: So he's the father of the Chicago Boys.

RIES: He is the father of the Chicago Boys. And they all really respected him. Shultz of course had been a young graduate student under him. And he stayed close to Allen. Wallis left the University of Chicago to work in Washington in the Eisenhower White House. He had been a special assistant in the White House, and then became the Chancellor of the University of Rochester in Rochester for 25 or so years. He had been on the board of Kodak, the board of Xerox and was a community leader. He was an extremely eminent scientist and thinker. And Shultz had enormous regard for him.

Q: So what pieces of the action did you have?

RIES: To start out, again I was kind of a supernumerary. I worked on East/West trade again because I'd worked on the pipeline, and other sanctions issues. We were mounting sanctions on Iran, if you can imagine, because of various Iranian infractions at the time, the Iran-Iraq War, among other things. And then the staffer who was covering the G7 summits left to go to the White House and I took his job. I always tell young officers never focus on the portfolio that they give you initially; focus on the people you're going to work for because what happens is that people leave and you get new portfolios. If you work hard the people give you the good portfolios after a while. At least that was my experience. So I worked on the G7 summits and U.S./European relations in those years. So you know, there were a lot of big trade issues, in sectors such as aviation and finance. This was 1986 to '88 with Wallis. Then Dick Hecklinger, who had hired me and had been the chief of staff, left to go to Holland to be Economic Counselor for Jerry Bremer who was the ambassador. Allen Wallis agreed to let Dick go only if I would agree to stay a third year and be the chief of staff for the last six months of the administration. So from '88 to '89 I to be "executive assistant," or chief of staff for Wallis while still covering the G7 summits.

Q: Well, during this -- it sounds like much of your work was involved with European Affairs.

RIES: Yes, and global economic --

Q: Global.

RIES: -- affairs.

Q: One of the old ones that's always sort of a burr under our saddle seems to be with the French. How stood it with the French during your time, or was there much of a problem or?

RIES: Well, this was an era in which the big debate was about the European Union, then called the European Communities. Were they building what was journalistically dubbed "Fortress Europe," or the reformed EC be open? Would the EC turn protectionist or would they liberalize? Would they support a new round of global trade negotiations under GATT to reduce tariff levels or would they continue to build preferences into the European system? Those were the issues in big debate. The French were of course advocating more preferences, more "Fortress Europe" if you will. The Germans and the British were allies in pushing for liberalization. A side issue was about currencies and whether industrial economies should have fixed or floating exchange rates. The French argued for semi-fixed, and we argued for floating. The "Plaza Accord," which had been reached in '85, resulted in a managed but fairly dramatic devaluation of the U.S. dollar, which was an important part of our economic recovery in those days. There were other issues like that out there, concerning trade policy, and whither the European Union. In 1986, the Europeans adopted the Single Europe Act, which dramatically changed decision-making rules in the European Community. It was linked to an initiative called "EC92", which was aimed at eliminating interior barriers to goods and services flows within the European Community. The big debate was whether the Europeans, in the context of removing border controls between the states and associated quotas, restrictions and licensing requirements, would erect higher barriers towards the rest of the world, or not? That was the fundamental economic policy debate at the time. Fortunately for global growth, liberals won and the French lost.

Q: This all was, you know, sort of the -- I came into the Foreign Service in '55 and even a decade before that our crowning policy had been the integration of Europe.

RIES: Right.

Q: To keep them from fighting each other.

RIES: Right.

Q: I mean we'd gotten dragged down twice. But all this hovering over that was, as you say, the Fortress Europe, that we might be creating a monster that --

RIES: We had had to make some compromises in the context of the formation of the EC. In the European Coal and Steel Community, the Franco-German agreement that was the beginning of the European project, and in The Treaty of Rome that was the basis of the European community, we tolerated enhanced protection especially in agriculture.

Q: The Common Agricultural --

RIES: The Common Agricultural Policy, which was a highly protectionist system that exists even today in diminished form, dramatically reduced access to European markets for American agriculture, which is one of our most competitive export sectors. Had we not fostered the European Union -- if it didn't exist -- it is likely that we would have a much larger agricultural market in say, Germany and the UK (United Kingdom) than we

do now as a result of five decades of protectionist agricultural policy. But the advantage to us from the promotion of European integration, particularly in terms of stable, nonviolent, peaceful Europe, well outweighed that interest. But that was part of the bargain.

Q: Well, did you find -- I mean from your perspective, that there was a natural alliance of interest with the British and the Germans? Or was this part one and we had to do quite a bit to maintain --

RIES: In this period there was a Thatcher government in the UK. There was natural cooperation on economic matters between the British and the U.S. Reagan and Thatcher were extremely close. In Germany the chancellor was Helmut Schmidt, who was also pro-American on many such issues. Nevertheless we had lots of disputes. We always have had lots of disputes. But basically they were pretty good years for transatlantic relations, particularly in retrospect.

Q: Japan was considered a serious rival, wasn't it?

RIES: Yes. It was a time in which people thought Japan was a big rival and there was a lot of popular opposition to Japanese investment in the United States. The Japanese bought Rockefeller Center, and farmland in Iowa and whatever, and people thought it was going to be terrible.

Q: Yeah, it was one of the --

RIES: In the end they were bad investments for the Japanese.

Q: Yeah.

RIES: They bought high and sold low.

Q: Why don't we stop at this point?

RIES: OK.

Q: And we'll pick this up maybe -- is there anything more we should talk about, do you think, in this economic job?

RIES: No, not, not unless you think of --

Q: OK, then where did you go afterwards and --

RIES: I went to the Senior Seminar.

Q: And when was that?

RIES: 1989.

Q: OK, we'll pick it up in 1989 off to the Senior Seminar.

RIES: OK.

Q: Get this going again. Today is the 21st of November, 2011 and it's been just a little over a year since our last --

RIES: Has it?

Q: Yeah, our last one was in October 2010.

Q: So we're going to pick this up, you're off to the Senior Seminar. That was when, in '89?

RIES: Yes, '89 to '90.

Q: How'd you find the Senior Seminar?

RIES: I found -- the first couple of weeks I found it kind of goofy. I found the touchy feely management stuff to be sort of silly, but over time I got into it. I got a lot out of it. It was really a turning point. It made a big difference to the way I approached every job after that.

Q: What particular aspects of it did you --

RIES: The unique aspect of Senior Seminar that helped it work -- helped it, since it no longer exists -- was that it wasn't a passive training program where there was a faculty that taught you and you were expected merely to learn. In the Seminar, the concept was that the members were in charge, and they chose the topics. The members programmed the days and weeks and months, they decided what the learning objectives were although there was some overall guidance. It forced all of us to think what is it we really want out of the seminar and, and to spend a lot of time with each other. We did a trip one week a month, on the road various places, and we came to know each other really quite well. The Seminar was composed of State officers from various cones, and representatives of USIA (U.S. Information Agency, now subsumed into State), military at the 0-6 level from all the services, CIA (Central Intelligence Agency), USAID (U.S. Agency for International Development), Agriculture, Commerce and other agencies. As a result, it was a voyage of learning for all of us and we all got better. And in 1989 leadership training was not the fetish it is now in the State Department. It was kind of an unusual concept. We defined it for ourselves, worked through it and learned a lot about how it is that we could do better at motivating people work to for us in the future.

Q: Let's take the people working for us aspect of this. Did you pick up any, you might say management ideas or --

RIES: Yes, lots.

Q: -- that you used later when you --

RIES: By that point I had not really managed very many people, three or four at the maximum. And you know, through the seminar and through discussion of management and leadership issues with other members of the seminar I learned a lot. A lot about how to listen to my staff and figure out what was motivating them, or not, and pay attention to problem employees early. One of the things that I got out of that was the idea that no troubled situation gets better with time. You need to engage really early. That served me well in subsequent jobs where I did have employees that had personal troubles or other kinds of troubles. And it was important not to avert your gaze, which was much more typical, particularly in the State Department of the era.

Q: Was there any particularly illuminating episodes or moments or something when you're looking sort of at the American scene that stuck with you?

RIES: I remember that we had a really interesting trip to a farm. On the Midwest trip we went to Chicago and the Board of Trade. Then we all went to southern Minnesota and they divided us up and each of us stayed overnight 24 hours with a farmer. I had never lived on a farm, I had no farming experience, and I'd always thought of farming as, as essentially a back-to-the-soil type thing, early to rise, early to bed, hard physical labor and so forth. And the farmer that I stayed with, -- his unique talent was he was really good at finance. The guy had actually bought his farm in '75 or '76 when inflation was really high. And he overpaid for it. But by the time I visited him he told me that he made as much money on the futures market as he did farming. So every day -- this is 1989 -- every day he would go around on tractors doing various things to the corn. But when we came in from the tractor, he would go to his den -- and this is before the Internet – where he had a link to the Chicago Board of Trade and a trading screen. In 1989. And, based on what he knew, how his own crops were doing, he would buy and sell on the futures market. He made at least half of his income through financial transactions, utilizing his insights. And he also didn't get up early *(laughs).* He went out to the field at like nine and worked late. He said, "I'm not an early morning person." But the crops didn't care whether he was out there at six or nine. The other thing was that he did not ever buy the latest machinery. He said others wanted a $50,000 harvester because it's the latest, greatest thing, but he said he would buy a used one for $35,000 because the increase in productivity from buying the very newest equipment was never worth the price. That's the kind of sharp pencil kind of guy he was. It opened my eyes to the fact that farming is much more complex. It takes a broader range of skills than just being able to take care of animals and plant crops. The modern farm in the Midwest is a large financial business operation.

Q: Yeah. The thing that struck me -- I've never been on a farm either -- I read a book by Tracy Kidder called <u>Farm</u>, I think.

RIES: Mm-hmm.

Q: Talking about a farm in Missouri and about the delivery system for equipment parts. I mean, you know, you, you've got a problem, the man from McCormick or something will be out there --

RIES: Yes.

Q: -- within a very short time.

RIES: Yes, that's how they build brand loyalty.

Q: And you transpose that to something like the Economy of the Soviet Union at that time and all and you realize that they're just not going to have that for a long time.

RIES: Right. So we learned about farming, we went to New Orleans and spent a lot of time with the city government, heard about their problems, which later came out in the aftermath of Hurricane Katrina. We went to an offshore oil platform, we went up to Northern Alaska after the oil spill, the Exxon Valdez. We visited an Aleutian Island and talked to Alaskan natives, heard about their very terrible social problems. So got around a lot.

Q: Mm-hmm. Well, then did you -- what about foreign affairs. Did you touch on any --

RIES: Yes. This was the year was when the Berlin Wall came down. We organized a trip to Berlin in January of 1990, two months after the wall came down, and spent a lot of time talking to the East Germans as well as the West Germans. The East Germans were all shell-shocked and really did not realize what was going to happen to them. It was really a fascinating time to be there and it gave us a much better appreciation of the stakes and the significance of the fall of the wall than you ever would have gotten here. We spent a week in Germany at that critical moment. The genius of the Senior Seminar is you could actually lay-on something like that in light of something that happened. But we had other foreign affairs units on various parts of the world. We went to Honolulu and discussed what the new Asia might look like.

Q: Well, were your military colleagues taking a look at the tremendous change in the landscape and --

RIES: Yes --

Q: -- looking at -- I mean were you working with them to figure out what the hell are we going to do now?

RIES: They didn't really get the political revolution part quite as dramatically as some of the rest of us, but we did talk a lot about changes in the military. There were three military trips: an Army trip, a Navy trip, an Air Force trip, and the Marines were part of

the Navy trip. We spent a lot of time in sessions talking to military leaders about what the new look of security once the Warsaw Pact went away. At the time people weren't sure that NATO would survive without an enemy. And we got to see a lot of the cool toys that the military has. We spent the night on a carrier offshore, we drove around in the desert in a tank, flew on various Air Force planes. So we experienced a lot in a time of epochal change. I think it was an even better experience for the military than it was for us. Later on of course I went to an assignment during the war in Iraq and it was the Senior Seminar that had taught me more about the, the way the military looks at the world, the ranks, the staff designations -- J2's and J5's -- and many of those kinds of things. I learned that in the Senior Seminar and it was extremely useful later on.

Q: Well then, while you were there what was your next job and how did you get it?

RIES: For my next job, I went to the Office of the U.S. Trade Representative, known as USTR. If you recall, I had been working for the Undersecretary for Economic Affairs. The State Department typically sends seven or eight officers to USTR every year for a one-year assignment. I went to see the legendary Jules Katz who was then the Deputy USTR, Deputy to Carla Hills who was the Trade Representative at the time. I said that I'd like to come to USTR but as I was by then more senior than most people that they recruited I wondered if they would have something they thought I could do. Jules had known me a little bit, and knew of me. So they offered me a Deputy Assistant USTR slot. And so I went over in the summer of 1990 to be Deputy Assistant USTR for Latin America. I was lucky enough that two weeks after I got there President George H. W. Bush made a major speech, which was became known as the Enterprise for America speech. It envisaged the negotiation of a series of free trade agreements in Latin America. I had had no advanced knowledge of the initiative, I was just lucky. So I worked on that for a while. About two or three weeks after that speech there was a summit with the Mexican President and agreement then to start negotiation of the NAFTA (North American Free Trade Agreement). Now, I was not involved, at least initially, in NAFTA. I mean my office wasn't responsible for NAFTA. That was part of the Office for North American Affairs. But after about six months, I was asked to do a job swap and took over the Deputy Assistant USTR slot for North American Affairs. It was about March of 1991 and for the rest of my time at USTR I worked on NAFTA. It was a great opportunity for me.

Q: Well initially, when you were dealing with South American Affairs --

RIES: Mm-hmm.

Q: -- was the inclusion of Mexico and the North American Trade Agreement sort of done almost begrudgingly, that the main emphasis was on Canada?

RIES: No. We had negotiated a free trade agreement with Canada a decade earlier, and the Mexicans were interested in access to the U.S./Canada Free Trade Agreement. The Reagan administration was quite resistant and the Bush administration was resistant for sort of a year. The Bush administration did temporary holding type things in 1989

because they weren't really ready to face up to the implications of Mexico reaching a free trade agreement with the United States. I don't know really very much about the decision making. But they did a yearlong study, a feasibility study with the Mexicans. And in the summer of 1990 they decided to go for it, to actually propose to do an FTA (Free Trade Agreement) with Mexico. Then the Canadians said, "Well, if you're going to do one with Mexico it should be a three-way agreement." So the Canadians invited themselves into what was to have been a bilateral FTA, U.S.-Mexico. Then of course the Administration had to ask Congress for the authority to negotiate. That took six months, a big political debate, and a lot of controversy. There was a big bipartisan agreement reached on May 1, 1991, which set the terms for the, for the negotiating authority. I worked on that. Actually, what happened was I had a very small part of it because there was a part of the authorization having to do with the rest of Latin America. So I went to the meetings and as a result they decided that I would be a good fit for doing the Deputy job in the NAFTA Office. That office was headed by an Assistant USTR; I was the Deputy Assistant USTR; and there were five or six professionals. USTR had the authority to negotiate, so when we set up the negotiations we set up all the negotiating groups and ministerials and so forth. I had a negotiating group that I led myself and I also went, participated in another one, and I was the note-taker in the ministerial meetings.

Q: Well, were some of the general pattern of agreements more or less acknowledged before you got started with working on the details or?

RIES: There was an agreement at the outset about what it was that was to be negotiated. I don't remember exactly the form, but it, importantly it said there would be no exceptions and that it would cover all sectors, including agriculture, services and investment in addition to trade in goods. And at the time those were very novel ideas. The trade agreements that we had done thus far had not covered agriculture. The GATT trade agreements that we had done before had not covered agriculture. And investment had been done in a series of bilateral investment treaties, which I had worked on, but they were separated from trade negotiations. So this was going to be a modern trade agreement. All trade agreements the United States have done since then have followed the NAFTA pattern. But when we did NAFTA it was the first time.

Q: Well, when you touch agriculture this is the third rail of trade agreements, isn't it, all over the world?

RIES: Yes, it's a big problem because agriculture is more heavily subsidized and protected than most other sectors.

Q: Well, how about between Mexico and Canada? I mean how stood the agricultural situation?

RIES: Actually, the interesting thing about agriculture in the NAFTA is that the major agricultural issue was not, if you will, an import issue for us. That is to say, the Mexicans weren't competitive suppliers of grains or, or even of cotton in a way that would threaten our programs in those commodities. The problem in agriculture for NAFTA was the

Mexicans highly protected corn. Corn in Mexico is a very special commodity, it has very cultural -- it has cultural --

Q: Tortillas and --

RIES: It also is very important to the peasants and they have a lot of smallholder peasants. But in the end the Mexicans compromised by accepting that they would liberalize corn protection. We negotiated a very long phase-out for it, but the result has been rather dramatic social change in Mexico itself through the dismantlement of much of the protection for corn. So a lot of people were not able to make a living in small farm communities across Mexico because of NAFTA tariff changes.

Q: So have you followed it? What's --

RIES: The NAFTA itself, or corn in particular?

Q: Particularly the corn?

RIES: Not a lot. One push factor toward immigration to the United States was the change in farm protection in Mexico. The NAFTA also has contributed to urbanization in Mexico itself. That was probably inevitable anyway, but it may have accelerated it. The Mexicans though also got a dramatic reduction in food prices domestically out of NAFTA. They had been quite protected and food prices relative to income were quite high. But because of NAFTA the cost of food in Mexico fell to the people living in cities. And the cost of all kinds of goods fell in Mexico. All in all, Mexico benefited considerably from NAFTA, particularly in '95 when they had a financial crisis and the United States stepped in and basically did what the Germans are having a hard time doing for the Greeks these days. We provided them emergency credit when nobody else would do it and probably mainly did that because of NAFTA. The NAFTA changed the equation with Mexico. At the time we negotiated NAFTA, 70% of NAFTA's imports came from the United States. Now, 80% of NAFTA's imports come from the United States. We actually solidified a trading relationship with Mexico to our mutual benefit.

Q: Did we anticipate that?

RIES: Yes, we did. It was to our mutual benefit. Even though the Europeans subsequently negotiated a Free Trade Agreement with Mexico. The problems with Mexico and NAFTA relate to Mexico's own choices. Mexico decided that it did not want to put energy, that is, oil and gas production and distribution, on the list of sectors to be liberalized, or to allow for foreign investment in energy. And that held back their oil and gas sector. I think over the years they would have benefited from foreign capital. And they now are just sort of backing into that. The new president -- there is an election in Mexico next year -- may well take on that sacred cow. And the other thing that they did, which is probably even more important, is that when they liberalized on the trade side they did not at the same time enforce antitrust policy, what the Europeans call "competition policy." The Mexican government did not insist on competition -- they

actually tolerated the creation of monopolies. And so you have one of the richest men in the world, Carlos Slim, who assembled a dominant group of companies around CEMEX, which is the, the cement company, including Telex, the Mexican telecom company. As a result, you don't have as much competition as you should have in Mexico and that's also held back innovation and entrepreneurism in Mexico. So they gained less from the agreement than they might otherwise have.

Q: Well, as you enter in to these sort of massive negotiations, were you getting much input about the culture of the country you're dealing with and the impact? I mean from people doing that? Or is it kind of just economic?

RIES: It wasn't completely economic. As part of the "May 1" package with Congress I mentioned earlier, we made two agreements that were important. One was to do a study of the preexisting situation and the potential impact of the agreement on labor rights. The other was to do an assessment of the environmental problems on both sides of the border and an appraisal of the likely impact of the agreement on the environmental issues. I actually headed that. It was the first-ever environmental review as part of a trade negotiation. Ambassador Carla Hills asked me to take it on. I asked, "Well, so what are my instructions?"

And she said, "You have to figure it out. Something like this has never been done before. We promised the Congress we'd do it. We need to take it seriously. But how to do it, you'll have to define it." We knew what it wasn't: it wasn't an "environmental impact statement," which is actually defined in law in the National Environmental Protection Act. That provides what you need to do to calculate the environmental impact if you build a bridge or dam or something like that, and provides for judicial review and standing for environmental or other groups to challenge the findings. Our review was not that. But such as review had never been done before. We tried to do it in collaboration with other agencies such as the Environmental Protection Agency (EPA) and with environmental NGO's (Non-Government Organizations). Subsequently, the USTR has done the same thing with other trade agreements.

Q: Well, what were we looking at?

RIES: We reached out to environmental NGO's, academics and others and said, "What are you worried about?"

And they said, "There is tremendous water pollution, air pollution, congestion along the border. We think that with this agreement it'll get worse." People were concerned about the impact of liberalization on the Mexican indigenous agriculture sector as we talked about earlier. People were concerned about whether U.S. firms with say chemical plants facing EPA (Environmental Protection Act) regulation in the U.S. might move to Mexico because they might have lighter regulations, so regulatory competition that would have aggravated the impact. Whatever environmental gains you made in the U.S. you'd lose because the, the pollution would just go south. We looked at all those issues and talked to the best experts and wrote an appraisal and, and had in some cases some suggestions as to

ways the agreement could be tailored to minimize such effects. For example, one of the most evident environmental impacts of trade with Mexico was congestion on the border, air and water pollution in border towns like Matamoros and Juarez. But it used to be that if you could only get duty-free treatment for parts and components if they were shipped within a 20-mile -- 20 miles of the border, anything further into Mexico and they had to pay Mexican duties. By liberalizing that condition, by basically ending that 20-mile restriction, the NAFTA would made it competitive to open plants in the south and way down into, into Mexico. So in that respect it was reasonable to think the agreement would reduce environmental burdens on the border regions.

Q: Monterrey and --

RIES: Yes the assembly industry could move to Monterrey, and spread out the impact, the economic impact of the agreement and thereby reduce the pressure on the environment of the border. And that was an example of an impact. We also looked at standards and testing procedures. People were concerned that Mexico still used DDT (dichlorodiphenyltrichloroethane) in some places and that people would import vegetables from Mexico and those vegetables would have DDT or other pesticide residues. So we made sure in the negotiation of chapter nine of the NAFTA that we had the right to inspect and protect American consumers. That is, no matter what other provisions said, our standards, the higher standards, highest standards, would be applied to our imports. The goal was to ensure that you wouldn't have a decline of standards to the lowest common denominator, but they would move up to the highest level. You did that by ensuring that the country at the highest level had the right to apply standards restrictions on trade.

Q: What about, as you were doing this, the politics of this, particularly from the agricultural states, how did that play out in the end?

RIES: It was difficult. NAFTA was very politically controversial. USTR set up a series of I think seven public hearings around the country. We traveled around. I did two or three of them and we'd set up for shop for two days and people could sign up and come in and tell us what they thought of the agreement. Some of those were the, were the occasion for some demonstrations. We got pelted with peas or Brussels sprouts at one such event out in San Diego.

Q: At least they weren't potatoes.

RIES: No. They were frozen peas, I think, or mainly frozen peas. It was hard to tell, I was ducking. So we did that. I made a lot of speeches trying to explain what the benefits were of the NAFTA. I testified on the Hill four times. But so did everyone else. I was just one part of a bigger effort to explain what it was that we were doing. And in the end of the day the Bush administration was prepared, at least intellectually, to have side agreements on protection of the environment and labor rights. But the Bush administration lost the election in 1992. The Clinton administration took office in 1993 and did negotiate side

agreements on labor and environment, which were needed get the agreement approved by the Congress. Then it went into force in 1994.

Q: How about labor? American labor, unions and all.

RIES: Labor unions were very opposed, rabidly opposed. What was significant politically was that the Democratic party split from labor, with half or so of Democrats in Congress supporting the agreement, even though Labor opposed it. The concept was that the NAFTA was actually better for labor than no agreement at all, and the reason was that production was moving offshore, predominantly to Asia. Production of television sets, or telephones, and all kinds of things were moving to Asia. When they went to Asia, all the parts and components tended to be sourced in Asia. But when the final assembly went to Mexico, most of the parts and components tended to come from the U.S. This is the significance of the number I mentioned earlier, that 80% of Mexico's imports now come from the U.S. When you think about that, NAFTA meant that Mexican exports were competing with exports from Asia, but contained U.S. components. So in this way NAFTA preserved some U.S. jobs, rather than simply endangering U.S. jobs, since production was moving elsewhere anyway. That was the argument. And I do think that this is right. I think it's clearly in our interest to have assembly, labor-intensive manual assembly operations in a country that's very close to the U.S. and more likely to use U.S. components -- and buy other U.S. exports -- than it is to have it move to some place far away, more likely to use the parts from elsewhere.

Q: Was Ross Perot a thorn in your side?

RIES: Not for me. Ross Perot ran in '96, I think. The agreement was long done by then and that's when he ran alleging the "giant sucking sound" in his debates with Al Gore were in '96 -- rather in '92. It was after the Clinton administration decided to support NAFTA. NAFTA was ratified in '94 and then Ross Perot tried to run against it in '96. And I was long on another assignment by --

Q: Did you get any feel for -- when you were there sort of at the beginning, at the creation, who on the American side, both Republican, Democrat sides, were major figures in bringing this thing about?

RIES: You mean in Congress?

Q: Yeah, or within the President's office?

RIES: Well, the administration was -- the negotiations were led by Carla Hills and Abe Katz. Ambassador Hills was the negotiator and Ambassador Katz was the deputy negotiator. Robert Zoellick was at the State Department and he was a strong supporter. He was the Undersecretary for Economic Affairs. David Mulford was the Undersecretary of the Treasury for International Affairs. He was also a strong supporter, although he really thought we ought to do a FTA with Chile first, which we later did. On the Hill, Richard Gephardt was a big leader for the unions on the anti-NAFTA side. Henry

Waxman was very anti-NAFTA. I had to testify in front of Waxman at one point and got yelled at. There was a Californian Republican named David Drier was very pro-NAFTA. He was from Southern California,. He was ranking minority member of the Rules Committee, and was helpful. A lot of the Congress has changed over since then. Barbara Boxer was quite negative, as was Barbara Mikulski. I can't remember all the players. I didn't do a lot with the Hill other than testifying and meeting with staff of the House Ways and Means and Senate Finance Committees.

Q: Well, it was --

RIES: I was mainly a negotiator.

Q: It was something that really aroused the --

RIES: Yes, it was a huge issue, a huge issue in the day. It was very controversial.

Q: Did you find your colleagues in the State Department helpful?

RIES: Yes, sure. We had Ralph Johnson as the Deputy Assistant Secretary for Trade Policy. He was very effective. All of our negotiating groups had State Department representatives on them. It was an all-administration effort.

Q: Did you feel that you were in the process of creating something really big?

RIES: Yes, we felt we were in the middle of history, for sure. It was, it was that kind of an issue.

Q: There are a few times when you really get in with something that's going on where you feel gee whiz, I --

RIES: Yes.

Q: -- part of this.

RIES: Yes, that's true. It was done in basically one year.

Q: How about the Europeans? Were they -- (laughs) the French, but I'm sure the Germans too. Were they --

RIES: Hostile? No, they, they weren't a big factor. They were worried about losing market share in Mexico, and that's why they did their own free trade agreement with Mexico a few years later. But they followed NAFTA very closely. The Financial Times covered the negotiations more closely than any other newspaper and in the '90s, the Financial Times had a very large readership in Europe and almost none in the U.S.

Q: Did you find yourself up against -- you mentioned being showered with frozen peas up against constituent groups that were pretty radicalized.

RIES: Yes. I don't know about radicalized, but there were groups that were hostile. The Sierra Club, Friends of the Earth and Ralph Nader's group, Public Citizen, were very, very vocal and very negative. They organized demonstrations against NAFTA and so forth.

Q: Well, let's take --

RIES: And the AFL-CIO of course.

Q: -- something like the Sierra Club and all, when you're working on this environmental thing could you include --

RIES: I did include them.

Q: -- many of their things?

RIES: I did include them. That is, I invited them to meetings and we tried to look at what they were saying about the agreement and address their concerns. Sierra Club boycotted meetings on the environmental review, however. Other environmental groups came, the National Wildlife Federation, the National Resource Defense Council, and a variety of other environmental organizations did come. They realized how unprecedented it was to actually do an environmental assessment. But others didn't. Actually, the administration got sued in federal court, I think it was Public Citizen and Sierra Club who brought the suit, I'm not totally sure. The plaintiffs brought a suit in federal court saying that the law required that the administration actually do a full environmental impact statement as defined in the National Environmental Policy Act (NEPA). And so the Justice Department defended the administration. I went to the hearing because I thought it was interesting, and never before had I been involved in a suit. In the end, the court found that the administration was not required by NEPA to undertake a full environmental impact statement of a trade agreement. The court also praised the administration for doing what it was doing, even though it didn't have a legal obligation to do so. Anyway, it was all a big to-do.

Q: But it's not often that you get these issues where various groups can sort of organize their, their strength and also get financial contributions --

RIES: Yeah.

Q: -- on a cause --

RIES: Right.

Q: -- even if the cause isn't quite based on, on fact, you might say.

RIES: I mean it was a very early example. I'm not a historian of this -- but it seems to be an early example of interest groups seizing on an issue to light up their base and raise money. You know, in 1991 in the malls and places like that, Public Citizen was out collecting money for their campaign against NAFTA playing on the fears of Americans that NAFTA would undermine the economy, and their jobs and so forth. When we were working on the environmental review, the environmental organizations that were cooperating with us said, "Look, we're getting killed on the fundraising because it's hard to say we've made a compromise and we're protecting the environment through compromise." The groups who say "no compromise" get all the contributions.

Q: Yeah.

RIES: The world has seen that dynamic play out in our political structure more commonly now. But it was evident even then that you get a lot more support by being very, very partisan and hostile to compromise, because people won't support compromise. Compromise can be easily characterized as sellout.

Q: Well, how about campuses? Students and all that?

RIES: Not so much. It was not, not like the Vietnam War. There was some student activism on the subject, but not a whole lot. Those years were pretty quiet. I made some speeches on college campuses, but they were actually generally speaking pretty sober affairs.

Q How about your colleagues in the State Department, were they generally with this program?

RIES: Yes. I think all internationalist-minded people were supportive of trade liberalization in the early '90s. The only debate was between the multilateralists and the regionalists. In the multilateral trading system -- the GATT -- we were simultaneously negotiating the so-called "Uruguay round." There was a strain of thought in the economic community and among academic economists that spend a lot of time in trade policy that the only good trade-liberalizing agreement is a multilateral agreement where everyone benefits from the reductions. That means that you don't have what's called trade diversion; you only have trade creation. That is to say, trade that wouldn't have happened unless you brought down the barriers. Trade diversion is when you bring down some barriers, but not others, and you divert trade that might have happened. Somebody loses their competitive position. So there was a certain feeling among the GATT proponents that this was not the best way to go. Regional trade agreements were controversial in Foreign Affairs and Foreign Policy magazines and some journals. There was some criticism of the administration for going for the cheap, easy, bilateral negotiation. But when you look at it, first of all, the Europeans were not ready to close on the Uruguay round. And NAFTA obviously wasn't cheap and easy. It was a hard job.

Q: Yeah.

RIES: It was very politically difficult. So it's hard to make that case. But there were people who made that case at the time.

Q: When this was all said and done and signed, were there any particular losers in the --

RIES: Sure, there were lots of losers. There are more winners, but there were some losers. Truck drivers were very upset, because the agreement provided that Mexican trucks could come into the U.S. to deliver goods, and the Teamsters were very against that. They felt that Mexican trucks should be required to transfer their goods to U.S. trucks at the border, probably because they were concerned about jobs. But what they did is make an argument based on safety. They alleged that Mexican trucks were unsafe to be on U.S. roads and couldn't be adequately policed and so forth. It was only last year or even this year that the truck provisions in the NAFTA have finally gone into effect. So trucking interests managed to delay the impact of that provision for 20 years.

Q: Well, you did this for how long?

RIES: It was actually only a year and a half. I mean I was there at USTR for two years, but I worked on NAFTA only for 18 months or so. And my next assignment, as Minister Counselor for Economic Affairs at the U.S. Mission to the European Communities (USEC) in Brussels, was for the summer of 1992. The post wanted me to have some French and so I had this complex negotiation between the mission in Brussels and Carla Hills about how much French I would get. In the end, I left USTR in April and went into French at FSI and then went out to Brussels in August of that year.

Q: Before we move to that, how did you find working with Carla Hills?

RIES: I liked Carla. Carla was a great boss. She's a litigator. She is a terrific lawyer. She demonstrated to me the value of mastering the material. There are some Cabinet members who feel they've succeeded in many other things in their lives, so they know a lot and feel they don't need to work very hard. Nobody worked harder than Carla Hills. She has very sharp legal mind. I liked her a lot, she was very nice to me.

Q: Well, she still is operating. I was interviewing Tom Pickering and her, you know, works --

RIES: Yes, Tom works with Carla at Hills and Company. She gave all the staff a pewter cup inscribed "1991: A Year of Hope, Carla Hills." I have it right here.

Q: Oh yeah, yeah.

RIES: She gave that to all the senior staff.

Q: How nice. Well, so you're off to NATO. Is that it?

RIES: No, USEU (United States Mission to the European Union).

Q: US?

RIES: EU.

Q: EU. How stood -- the whole complex has been changing -- it's changing now -- but how stood it at that time when you got --

RIES: Actually when I went out the post was called U-S-E-C, or USEC, which stood for the U.S. Mission to the European Communities. The Maastricht Treaty had been recently completed. As you'll recall, in '80s I worked on Europe for the Undersecretary for Economic Affairs. And in the '80s, Europe took a number of steps to create a single market, which was called the EC-92 Project. That had just been completed. In 1991 they took another step forward in integration with conclusion of the Maastricht Treaty. The Maastricht Treaty was named for the town in the Netherlands where it was signed. It is the treaty that provides for the single currency. The first time through it was actually defeated for ratification in Denmark, and it was almost defeated in France. Maastricht changed the EU (European Union) in very important ways. And it was a reaction to the fall of the Berlin Wall and the consequent change in the strategic environment of Europe.

Q: Well, I imagine your coming there from this sort of revolutionary NAFTA agreement, that you were -- I mean you were really dealing with a changing world.

RIES: Yes.

Q: Everything shifting under your feet, weren't you?

RIES: We were changing the U.S.-European relationship too. So yes, it was a period of great change.

Q: How would you describe our attitude towards the ECC, the EU at the time? In many ways this was our creation. I mean this is --

RIES: Yes.

Q -- what Dean Acheson and company had -- the idea was to keep the Europeans from fighting each other.

RIES: Yes, that's certainly true. And our vision of European integration was tremendous success. When I got there though, there was a big difference between the Political Section and the Economic Sections in the mission. The Economic Section was much older, much larger, one of the largest economic sections in the world. That was of course because the EU, then the EC, was predominantly an economic integration effort. The Political Section was much newer and was responding to the then quite young process of political integration and common foreign policy development within the EU. So the Political

Section tended to be kind of a cheerleader for the EU. The Economic Section managed reporting and advocacy on a long list of trade disputes we had with the Europeans, such as agriculture, audio-visual, and Boeing-Airbus. These were all trade fights that we had with Europeans. And I was responsible for those: trying to resolve them, report on them and represent our interests. It was also the end of the Uruguay Round in the GATT, as I'd mentioned earlier. The Round was concluded in 1993. My first year was mainly working on issues associated with the end of the Uruguay Round.

Q: What are the issues at the ending of the Uruguay round?

RIES: The big issues were whether to cover agriculture and whether to set up a new organization to be called the World Trade Organization or WTO, which would have a dispute settlement system that couldn't be avoided. In such a system, countries that lost dispute settlement cases would suffer consequences. In the GATT there were no consequences to losing a trade dispute case, it was just sort of a conciliation mechanism. We realized that trade rules were often abrogated, or much observed in the breach. The challenge for us became could we develop a consensus around the idea of strengthening the implementation mechanisms for trade law so that there would be consequences to losing trade cases. It was a hard sell, a hard sell domestically as well as internationally. But basically the U.S. and Europe decided trade policy in those days. No other countries mattered. China wasn't a member, the Australians and the Canadians didn't play much, the Japanese were considered to be hopelessly protectionist.

Q: Argentineans, were they --

RIES: No, the Argentineans were not major players. Brazilians were getting a little bit more significant, but basically it was a U.S.-European game.

Q: How did we come out with the Uruguayan round?

RIES: We got pretty much all we wanted out of it. Agriculture was covered, there were a series of constraints on ag subsidies that limited their expansion and started to reduce the impact of them on trade. Subsidies and other trade barriers were converted to tariff equivalents in agriculture, which was a big step forward. We did get agreement to the Dispute Settlement Understanding that set up the mandatory trade dispute process, which led to the explosion of trade cases over the last two decades. We got stronger rules on subsidies, rules for when countervailing duties could be imposed. We made a little progress on rules for the use of standards and conformity assessment requirements. And, industrial tariffs were cut by a third overall. So tariffs that were 6% went to 4%.

Q: That's considerable.

RIES: That's across the board for everybody.

Q: Yeah. How did you find the agricultural interests of France and Germany? I mean were they -- and in our own? I mean these are major --

RIES: They are major players. I should clarify that I was the Minister Counselor for Economic Affairs, but at USEC there was an Agriculture Section as well. They didn't exactly work for me. So I didn't deal with the agriculture issues a lot if I could avoid it.

Q: (laughs) With good reason.

RIES: I mean I just didn't have to manage the problems of hormone fed beef, for example.

Q: Frankenfood.

RIES: Frankenfood. They were managed largely by the Agriculture Section at that time.

Q: Did you find that you were in this whole apparatus in Brussels, were you, I mean was there a big office of representatives, you or not or --

RIES: Oh yeah. Well, I mean we were the biggest mission in -- that was accredited to the EU, and I think our total staff was 60, 65, something like that at the time. And my section alone was 12 or 14, something like that. So it was pretty significant.

Q: How did you find the EU bureaucracy at the time?

RIES: It was a complex rules-based bureaucracy. It was very technocratic, that is the word that is often used to describe the European Commission. The European Parliament, which was the elected part of the institutions, at that time had no power of any significance; everything that mattered was decided between the member states and the Commission. I found it though pretty easy to deal with because they were pretty transparent and the European Commission -- the people who worked in the bureaucracy -- was really open to us. They always would see us, they would explain what they were trying to do. We sometimes had conflicts, but I made a lot of good friends who I've remained close to, Europeans who worked in the EC at the time. I played tennis with them and became were good personal friends. It was a good tour in that way. I didn't find it hard. It was not a hostile government, or even particularly secretive. Part of the problem was we actually knew too much. We knew so much about what was going on we had a hard time figuring out what was important.

Q: I mean did you find that you and your colleagues in the U.S. mission being there in a way almost understood the European situation too much so that you might say the American side interests got sort of submerged?

RIES: No, I don't think that was the case, but Europeans used to joke, or people in the commission used to joke, that Americans were the best Europeans going, because we believed that the Europeans could do things that they themselves didn't think they could do. Sometimes we feared it, but we at least believed that we could do it. I think that part of the reason that we had such access and influence was because we actually were

encouraging of the European project. That said, I don't think -- certainly in my section -- we were not clientelistic. As I mentioned at the outset, the Economic Section was in constant negotiation mode with the Europeans about all these things, all these dastardly things they were trying to do to American business or American agriculture. And we never gave them a pass on that. The Political Section was naturally more understanding and supportive of the baby steps forward they were taking in foreign policy, which again was in our interest. The Balkans were falling apart and we wanted the Europeans to do more. And so as they eased themselves into that idea we were very encouraging of them.

Q: Well, I --

RIES: In economic terms, they were a big super power just like we were and we weren't going to give them freebies.

Q: No. Who was the ambassador that you worked under?

RIES: I -- there were two. The first year from '92 to '93 the Ambassador was Jim Dobbins who had been the Principal Deputy Assistant Secretary (PDAS) in the European Bureau immediately prior. He left post in the summer of '93. For the first six months of '93 I was acting DCM because the then-DCM, Tom Weston, was brought back to be PDAS in the European bureau and so I stepped in and became acting DCM. In the summer of '93 Stuart Eizenstat came out as the Clinton administration's ambassador to the EU. And he was there for three years.

Q: Did you find the Clinton administration was sort of one with the former Bush administration on the European Union?

RIES: Pretty much, yes, there wasn't a big change. They were quite encouraging of European integration. President Clinton personally as well as the administration in general.

Q: Was the European Union moving towards the development of single currency at that time?

RIES: As I mentioned the decision to set up a single currency was made in the Maastricht Treaty. Most of the '90s were taken up with preparations. EU countries had to establish and then meet the convergence criteria. A great deal of thought was given to the question of how they would manage the transition from national currencies to the EU, how they would introduce the notes and coins and such issues. There were a lot of studies throughout the '90s on such issues.

Q: Was there any concern within your section or elsewhere about single currency? Because right now we're going through a real crises with --

RIES: Yes, I know.

Q: -- the debt in Greece and --

RIES: Not so much. Later, in the latter part of the '90s, I was in London. Larry Summers was the Deputy Secretary of the Treasury and Robert Rubin was the Secretary of the Treasury. It was the second term of the Clinton administration. A lot of prominent American economists by then had started to worry about how sustainable European single currency would be. But as a political matter, we generally tended to be supportive. I mean if this is what Europeans wanted to do -- we didn't want to oppose it. The Federal Reserve and the U.S. Treasury cooperated on the technical aspects of the introduction. When you think about it there were all kinds of swap agreements between central banks and there are the huge amounts of cross-transatlantic investment that had to be re-dominated. At a single point in '99 everything was that had been denominated in Deutsche Marks and Francs became denominated in Euros. That took a lot of cooperation on our side. We did everything we could to make the introduction of the euro smooth. This was despite the fact that a minority but significant of voices of skepticism as to whether this would work. The main skepticism was something I used to call the Spanish Banking Crisis Scenario. The scenario was based on a theoretical banking crisis in Spain. The crisis is too big for the Spanish authorities to handle -- they couldn't provide enough credit to their banking sector. And the Germans say, "That's your problem." That was the scenario we talked about in '97 and '98 a lot. And it's almost eerie how much the reality has resembled it.

Q: So back to sort of the nuts and bolts of your work, how about the Boeing Airbus business? How was that playing out at your time?

RIES: It was brutal. There was an agreement that was reached in 1992. The so-called Boeing-Airbus Agreement was a gentleman's agreement that was reached by Carla Hills before the Bush Administration left office. It set limits on the amount of subsidies that could be offered for new aircraft by the Europeans. I think it was 30%. The Europeans agreed not to provide launch aid of more than 30% of the cost of developing a new model. in return the Europeans agreed that they would not mount a challenge based on their argument that the U.S. benefited from cross subsidies from our military programs into the civilian aircraft development. So there was a period of relative calm from about '92 to '96 or '97. And then in 1997, I think, Boeing proposed to buy McDonnell Douglass. McDonnell Douglas was the other American competitor in large commercial aircraft. The Europeans filed suit to stop it in Europe. In other words, they opened a competition policy case against the Boeing McDonnell merger claiming that it would reduce competition in Europe for aircraft. It was the first major transnational border that was challenged in another country. So it was highly significant. We made a strenuous effort at the time to convince Europeans the Justice Department and reviewed the merger and decided that it would not have a major impact on the commercial airframe market since McDonnell wasn't viable anyway. The Justice Department's conclusion was that most of the impact would be in the U.S. defense business. You may recall that after the MD-11 petered out there weren't any McDonnell planes that were competitive in the passenger market anyway.

Q: Well, just for some of you reading this later on, what was the reason why the merger of American firms should concern anybody. You know, I mean you're trying to get more sufficient -- and subsidies.

RIES: In any merger case you worry that the merged entity would have market power and would be able to exploit that market power to improperly gain excess returns from customers. In the U.S., the antitrust laws go back to the trust-busters and the railroads, Steel and Standard Oil. Every competition policy case is all about definition of the market. If you define the market as only a city and two big companies that have drugstores in the city merge, it reduces competition for pharmacists in the city. But if you define the market as the whole country, the fact that two drugstores in one city merge doesn't really affect competition across the country. So every competition policy case is really one in which, first of all, there must be a definition of the relevant market ,and secondly you have to estimate what the impact will be on customers, and thirdly whether the barriers to entry have been raised so that no new competitors can enter the market. In such cases the government takes action. The U.S. government actually took action against Microsoft, and the Europeans followed with their own case against Microsoft. But Boeing McDonnell was the first significant case in which the Europeans challenged a merger that had been cleared by U.S. authorities, which is why it was so controversial. Airbus had petitioned for action. In the end, the Europeans got a few more concessions out of Boeing and closed their case. In the end, they actually didn't try to stop the merger, which would have been the nuclear weapon.

Q: Yeah. Did the economies of Japan or China play any role in what you were doing at this time? Or were they --

RIES: Yes. During the latter part of my time in Brussels, say '94, '95, we were coordinating intensely with the Europeans about the terms for China's entry into the WTO and about specific cases with China, especially in the intellectual property area. If you recall the '90s were a lost decade for Japan. Japan's economy was in severe recession and they weren't a major problem for either one of us, so it was not a big issue. But China was and we cooperated very closely with the Europeans about China. The other thing we did in this period is we negotiated something called the New Transatlantic Agenda, which was adopted in 1995 in Madrid. We spent the year between '94 and '95 developing the New Transatlantic Agenda. It was designed to reflect the new responsibilities of Europe and to give some structure to the transatlantic relationship by setting up new entities to meet regularly and coordinate. We had semi-annual summits between the United States and the European Union throughout the Clinton administration. It actually started it in 1990, but prior to the adoption of the New Transatlantic Agenda there hadn't been any process for identifying issues and preparing agreements to be reached at the summits. We did all of that. That was while Stu Eizenstat was ambassador. And I worked on that quite a bit.

Q: Was that a response to the breakup of the Soviet Union?

RIES: It was a response to the growing responsibility and common policies of the European Union. For example, the European Union out of the Maastricht Treaty began a program of cooperation in justice and home affairs. Prior to '91 security policy, police, and immigration were matters for national governments; not for EU institutions in Brussels. After the Maastricht Treaty that all changed, the EU created what was called the "third pillar," or justice and home affairs cooperation. We basically matched that. The U.S. Justice Department started cooperating with the EU Justice Ministers. Together, they started talking about ways to cooperate against terrorism, ways to track organized crime, et cetera, et cetera. Those are all parts of the things that we were doing then for the first time.

Q: How did the Balkans morass hit you while you were there during the --

RIES: It had less me to do with me than with my wife. My wife was in the Political Section and it was a huge issue in its various manifestations for the Political Section. We did start an assistance cooperation enterprise to benefit the new countries of Central Europe. When the wall came down and there were newly independent countries in Poland, Czech Republic, Czechoslovakia, Hungary, and so forth, the U.S. and the Europeans rushed in with foreign assistance to help them make the transition into democracy. Early on we realized we had to coordinate that assistance so we didn't just do the same things, build the same school, whatever. And so we invented something in '91 called the G-20. The G-20 Secretariat was based at the EU in Brussels.

As the Balkan conflicts arose starting in 1992 when Yugoslavia fell into its component nations, there was a huge effort to prevent ethnic cleansing. Initially, the administration looked at the European Union to do it. When the European Union proved incapable of doing it alone, we intervened. Richard Holbrooke famously brokered the Dayton Accords in 1995 for Bosnia. Then we were once again involved in ending the 1999 Kosovo war. These were mainly tasks handled within the mission by the Political Section. My section was limited to the assistance coordination issues: what each country was going to do. For example, if there was a food shortage, how many thousand tons of food countries plan to bring in, what kind of food, etc. More technical things.

Q: Did you have or develop a pretty good cadre of people who knew how to deal with this sort of thing?

RIES: We had an excellent State Department staff in Brussels in my day, a number of really strong officers. And, and we had people from other agencies too. We had a representative from USAID; we had people from Agriculture; I mentioned the Commerce Department; and USTR and Treasury had representatives there too.

Q: Well, within the Foreign Service, for years I mean we have always sort of shied away from non-governmental organizations. But by the '90s they ewer becoming sort of a component --

RIES: Mm-hmm.

Q: -- of, of our foreign policy. How did you find the role they played, particularly with the Balkans --

RIES: Yes.

Q: -- and the opening of the former Soviet Union?

RIES: The NGO's that I mainly dealt with tended to be in the trade field, in unions, environmental groups and others who had a new interest in trade policy. On the assistance issues, Catholic Relief Service, CARE (Cooperative for Assistance and Relief Everywhere) and Save the Children and so forth, but I was more focused on the big economic issues *(phone rings).* Hold on a second.

Q: Well, you were dealing with European Affairs from when to when?

RIES: Much of my career.

Q: Well OK --

RIES: I at USEU as head of the Economic Section for four years, 1992 to 1996. In 1996 I moved to London where I was the Minister for Economic Affairs for four years, from '96 to 2000. In 2000 I became the Principal Deputy Assistant Secretary of the European Bureau. And my principal responsibility was U.S.-European Union relationship. And so for 12 straight years from 1992 to 2004 I did nothing but the EU in various places, along with some bilateral things.

Q: How did you find social life and living in Brussels during the time you were there?

RIES: Oh, Brussels is a great city, it's very comfortable to live in. As a foreigner there, 25% of the population are non-Belgians. The kids were very happy in school, soccer, etc. The weather's lousy but otherwise it's an easy city to live in and it's in the center of Europe. You can go anywhere by car if you want to.

Q: And then you were in London from when to when?

RIES: 1996 to 2000.

Q: Well, do we have time to cover that?

RIES: It's 11:30 --

Q: We can do it next time.

RIES: All right, why don't we do it next time?

Q: All right, we'll pick this up next time in '96.

RIES: Six.

Q: '96 when you moved to London as Economic Counselor, great.

RIES: Minister Counselor.

Q: Minister Counselor. Today is the 12th of December, 2011. This is 70 years and a day since Germany and Italy declared war on us.

RIES: *(laughs)* Right.

Q: People often forget that they declared war on us; we didn't declare war on them.

RIES: Right.

Q: And this is with Charlie Ries. Charlie, we are -- we're at 1996.

RIES: Mm-hmm.

Q: And you're off to London as Economic Counselor.

RIES: Minister Counselor, yeah.

Q: Minister Counselor. OK, who is ambassador at the time?

RIES: In '96 it was Bill Crowe.

Q: Bill Crowe.

RIES: Former Admiral William Crowe.

Q: Yeah. I've interviewed him. He was Head of NATO down in, when I was in Naples, Consul General down there. Anyway, so let's talk about that time. What were your major concerns?

RIES: I was responsible for the economic function at the embassy. There was an Economic Counselor who was a State Department official who worked for me and was in charge of the Economic Section. I supervised that, but I also oversaw the Treasury section, the Commerce Department, the Agriculture Department, the IRS, various other components of the embassy that had an economic dimension. I was number three in protocol terms in the embassy, which meant that when the DCM went on leave that I served as acting DCM for Ambassador Crowe. At the time, it was '96, it was the last year of the John Major government, a Tory government, and effectively the campaign had begun. Tony Blair had been elected leader of the Labour Party and had launched the so

called “New Labor” movement. Labour was beginning a campaign against a very old and tired Tory regime and was trying to articulate a new vision for Britain. We had a variety of trade disputes that I had been working on Brussels that I continued to work on. As I noted before, Boeing had proposed to buy McDonnell Douglas. That was a big issue, that its, whether or not the EU would block the Boeing McDonnell merger. With the British we had a history of having what’s called air services problems. The "Bermuda II" Agreement allowed only two U.S. airlines and two British airlines to serve between Heathrow and U.S. points. Other airlines, particularly Delta wanted to get into Heathrow and its lucrative passenger traffic business. The Bermuda II Agreement was very favorable to the British, so they didn’t want to give it up.

Q: What do you mean brought above a favorable -- you know, looking back historically why has it been favorable?

RIES: In air services the British are good negotiators, and they knew that they had something that was much to be desired, Heathrow access. We had needed their approval for Pan Am and to sell their rights to United and for TWA to sell their rights to American. Since the British had something we needed, was access to Heathrow and the ability to add flights to Heathrow, they it that to ensure that not only BA, but also Virgin got a comparable share of the transatlantic market, which is the only European market where that is the case. In France and in Germany U.S. airlines would carry 70% or more of the transatlantic passengers, whereas in Britain it was much more evenly balanced.

Q: Well, then how stood Britain in the European Union at the time? I mean was the union -- I can’t remember, was the union --

RIES: The big issue at the time was putting in place the framework that had agreed to in the Maastricht Treaty. Maastricht had been signed in 1991 and it was initially defeated for ratification in Denmark. They then had a new referendum in Denmark that approved it. But by the mid-1990's, the EU was putting in place the machinery of Maastricht, both the planning for the common currency and what’s called justice and home affairs. Justice and Home Affairs was also known as the third pillar, that is the responsibility for the EU for judicial and police and internal security issues. There had been no such discussion in the EU prior to the Maastricht Treaty. So these were all new things. The British are actually very good at European policy, or have been until recently. They were ahead of other European countries in figuring out what their interests were in these things. And the British Home Office is responsible for internal security, the Metropolitan police and so forth. They made a big investment on working on EU issues. They were ahead in their thinking. And with the common currency: most people don’t realize that the Euro, the common European currency, was actually planned by a committee of officials that was chaired by a British permanent Undersecretary of HM Treasury whose name was Sir Nigel Wicks. Sir Nigel was the definitive architect of the Euro, even though the British didn’t join it. The British actually had quite a significant role in planning the transition from national currencies to the Euros because everyone had so much confidence in Sir Nigel.

Q: Were we looking at, given the facts of today, 2011 where the Euro is under a great deal of pressure and all, were we seeing the problems that developed?

RIES: Some were. Some were. Later on in ’97, ’98 when Robert Rubin became Secretary of the Treasury in the second term of the Clinton administration and Larry Summers was his deputy. Both Rubin and Summers were quite skeptical that the Euro would work. They were really worried. I remember going to dinner with them and with others in that period. Americans were very concerned about what would happen if there were to be a banking crisis in Spain that was too big for the Spanish authorities to handle. Would the Germans provide enough liquidity to cover a banking crisis in Spain? Americans were asking these questions. Few Europeans were. And it’s kind of amazing how closely the present circumstances resemble that hypothetical. In the sense of the liquidity worry. Of course there is also presently a solvency worry, which people didn’t worry about. Back in those days the solvency side, which is whether member state governments would be creditworthy in their issuance of government bonds was less of a concern. The assumption was that they wouldn’t automatically be solvent or credit worthy, but that if they departed from the European norm on deficits, interest rates would go up to them and that because of such interest rates rises governments would respond by increasing taxes or reducing expenses so as to become more creditworthy or solvent. I think looking back on it, the increase in interest rates was seen as the adjustment mechanism and that the penalties of the Stability and Growth Pact, which was adopted in ’92 or ’93 at the German request, were seen as useless. What no one foresaw, but which we have seen since the Greek crisis of 2010 and moving forward, is the degree to which that interest rate sort of hammer or that interest rate pressure would happen so fast. Eighteen months ago Spain paid almost the same amount for its government bonds as Germany. And now it pays three or 4% per and more, three or four hundred basis points more. And the fact that there would be such a shift so fast actually makes it a lot less tolerable. It doesn’t allow for the discipline of the market to play on the budgets. It just becomes *(snaps)* overnight unaffordable. It’s like what happens here to consumers with adjustable rate mortgages that suddenly adjust by four or five percentage points. So a consumer goes from a mortgage payment of $1,500 to a mortgage payment of $3,000 a month and it becomes unaffordable. The same thing happens to countries. In the late ‘90s at these learned academic dinners people were talking about this. People were skeptical that the Germans would provide liquidity for a banking crisis, because of their anxieties about inflation, and that turned out to be very right. But on the solvency side, on the sovereign debt side, people thought that interest rate increases would be the discipline to keep public deficits reasonable. No one anticipated that it could change so quickly so as to be unaffordable and then pose all the problems we’re seeing now.

Q: Well, were you seeing in Britain with your British colleagues, you talked about Euro skeptics. What did this mean at that time?

RIES: The British, ever since they joined the EU in ’72, had been probably the most reluctant of European member countries when it comes to the idea of giving up sovereignty to the supranational institutions based in Brussels. And the Tory party was split between a euro-skeptic wing and a Europhile wing. Kenneth Clarke was the

Chancellor in Major's government. Clark was actually a Europhile, still is a Europhile. But a variety of other more Thatcherite Tories were Euro skeptics. The entire Labour Party was Europhile. They thought that Britain benefited as a nation from not only membership in the EU, but by being an enthusiastic member and by making a big commitment to affecting policy in Brussels. And the other big European issue in the late '90s was whether and how to enlarge the European Union, which was about the invitation to the Central Europeans to join: Poland, Hungary, Czech Republic, and later the others. The British were big, big supporters of enlargement because it was thought that the wider the European Union got the less deep it would be and that the federalist tendencies would be diluted. So Britain believed it to be in their interest to bring Poland, Hungary or Finland into the EU on both security and policy grounds, they were big supporters of that process.

Q: Was part of the feeling that the more, the more in the EU it would cut down on the influence of Germany?

RIES: I think for the British it was less about Germany than about France. I think the British when they looked at the EU in the '90s they were mostly concerned about French influence. The Germans were seen as Northern European and pro-free markets, pro-competition, pro-opening to the outside world. And the French, Italians and Spanish were seen as more supportive of the expensive common agricultural policy and, to use a French word, "dirigisme," the idea that the state should direct the economy. In Britain, even the Labour Party saw themselves as in the free market/competitive forces camp and thought that the Germans were in that camp with them.

Q: How is Greece viewed at that time?

RIES: At that time? *(sighs)* Gosh, I can't remember talking about Greece at all in those days. We did go visit Greece on vacation in maybe 1998. But Greece was not a player in European policy.

Q: Yeah.

RIES: Except in certain areas. Greece was an ally of France on matters of dirigisme. Andreas Papandreou was in power in Greece. It was, it was really a satellite of the French, did what the French wanted them to do in terms of the EU policy. But, but basically weren't major players in Brussels.

Q: Sitting where you were, were we looking at -- I mean would you say your office was sort of the one that was at least a key point in considering our policy toward Europe?

RIES: U.S. policy toward Europe in the Clinton administration was to take the Europeans seriously, to encourage them in their ambitions to be a force in the wider world of foreign policy. Every embassy in major European capitals had that as an objective. Before the European Union Foreign Ministers would get together, we would go to Foreign Ministries to tell them what it is we hoped that they would do on a variety of international

political issues, so that they could come up with a foreign policy that the rest of the world would respect. We were looking to the European Union as an entity that would allow the Europeans to be major players on the world stage because we thought that they would be on our side, right? On human rights and other kinds of things. The Economic Section, however, which what I led, was more involved in trade and economic issues with the European Union. Issues like genetically modified food, aviation, mergers and acquisitions, Microsoft, et cetera, we were, you know, we were trying to find allies for our perspectives. The Economic Section had more points of friction than say the Political Section, which was all about, you know, creating a bigger consensus for issues that were out there in the wider world. The Political Section was encouraging, as we were in the Economic Section, encouraging enlargement, because we thought it was good for stability. And the Political Section was helping the EU in the Balkans, for example, which I didn't have anything really much to do with.

Q: Well, you mentioned genetically modified food products.

RIES: Mm-hmm.

Q: In Britain, this was a big --

RIES: Right, it was a huge issue.

Q: In France, it was a huge issue.

RIES: It was even bigger in Britain actually.

Q: Really?

RIES: It was bigger in Britain first, yes. The British were more alarmed about GMO's than the French were.

Q: Can you explain what the issue was at the time?

RIES: Yes. In the early '90s companies, American companies, particularly Monsanto, invested in technologies that allowed them to alter the genetic makeup of typical field crops in such a way as to develop characteristics that would increase the profitability to farmers of planting these varieties. The classic case was something called "Roundup Ready" soybeans, developed by Monsanto. By inserting some genes or some genetic material from some other kind of plant into the soybean, it allowed the soybean to be resistant to something called Roundup, which is the weed killer that Monsanto markets. If you planted this soybean variety, you could use Roundup more effectively to kill the weeds at the early stages without damaging the plant, and as a result the plant would yield more soybeans per acre and be more profitable for the farmers. Monsanto invested a heavily in the development of Roundup Ready soy and made the case to the Food and Drug Administration in the U.S. that these soybeans were identical chemically and nutritionally to ordinary soybeans and so that they shouldn't be specifically regulated. In

some ways the whole process is similar to what scientists and agronomists have been doing with selective breeding and hybrids ever since the days of the monk, Mendel, who developed modern genetics. But in Europe, with the support of many non-governmental organizations, or NGO's, people were very frightened with the idea of man playing God or monkeying with nature, changing the genetic nature, and they were fearful that there would be a mistake made leading to what were called Frankenfoods. Another concern is that the genetically modified plants would overwhelm native plants and would reduce the genetic diversity of agriculture in unpredictable ways. Yet soybeans are an extremely important US export product to Europe where they are used as feed for animals. So there was an effort to prevent the import or planting of Roundup Ready soybeans in Europe, as well as all the other GMO's that were in the development pipeline. This was successful for a number of years. Roundup Ready soy initially was not approved for export. There are other subsidiary issues about concern about the cross-pollination about the GMO's and ordinary crops. But on the substance, scientists were pretty unified that these plants were really no different than hybrids that had been developed by more traditional techniques. They were just developed faster and more precisely. But emotion, it was sort of emotion over science and people were very skeptical. One reason why the British were so intense about this issue was their recent experience with "mad cow" disease. In Britain they had allowed animals, particularly cattle, to be fed ground-up bones. And there's a bone wasting disease, called "mad cow disease," which was extant in British cattle populations, although not in U.S. cattle. For many years no one understood the disease, where it came from and so forth, and they were actually feeding the bones of diseased cattle to healthy cattle and they were getting diseased. Then the meat of those beef cattle in some cases were causing the humans to get sick and die. There were several hundred Brits that were killed by this, the human variant of it, which is called Creutzfeldt-Jakob disease or CJD, and people were dying of CJD. The British had to completely change their entire beef industry. And scientists previously had said it was safe -- the practices related to the feeding of cattle -- and they turned out to be horribly wrong. So when other scientists said, "Well, these soybeans are safe," people in Britain especially, suffering from the great fear of red meat, said, "Well, they said that about mad cow and they were wrong. They're probably wrong about the soybeans as well." So it was a huge issue, it was very emotional. When you would give public speeches about it people would get up and yell and scream and, and get very worked up. So that was a big challenge for us.

Q: What did you do? I mean can you talk a bit about your relations on this thing with the British?

RIES: What we tried to do on that issue and every other issue was assemble the facts, know more about the facts than anybody we're talking to. So we reached out to develop contacts with experts in the American academic community who knew these issues, not just relying on Monsanto, other companies or the U.S. Department of Agriculture, so that we, we could be knowledgeable on the subject. And we tried to deal with Brits who were more reasonable, or at least open to arguing on the subject, both in official capacities and unofficial capacities, and we tried to get out and talk. I did interviews on BBC Radio and television and we sent people around to fora and we talked about it. We just tried to stop

things from getting worse, that is probably a good description of what we were trying to do.

Q: Were you getting from old timers saying that this is sort of like selling the Vietnam War or something like that?

RIES: Don't remember that analogy, but it could have been *(laughs)*. Could have been. You know, it's -- it was, it was more related to mad cow and more related to skepticism of science that was more common at the time.

Q: What was the final outcome while you were there?

RIES: The European Union licensed some GMO's for sale in Europe. I think the first approvals were in '99 or 2000. Now there are maybe ten different varieties that are licensed to sale in specific countries. There is a separate licensing process for seeds for planting. That is controlled at the national level. There are some countries that allow for the planting of GM varieties that are licensed for sale, and others that don't. It's still an issue, but it's not the hyper-issue the way it was.

Another priority of my time in London was to work with the UK (United Kingdom) while the British were the in the presidency of the EU in the first half of 1998, and at the same time they were also in the Presidency of the G8. In the summer of 1998 we had a USEU summit back to back with the G8 summit, which was in Birmingham. I was responsible for managing the preparation of both of those events. President Clinton visited a number of times. One of the problems about London is you have a lot of visitors.

Q: Yeah, I, as I said I interviewed Bill Crowe. And he said he felt he was more a hotel keeper than anything else.

RIES: Right, that's right. It was incredible. We had constant cabinet secretary visits. I remember that in 1998 Madeline Albright came to visit something like seven times in six months.

Q: She was Secretary of State at the time.

RIES: She was Secretary of State. We just had constant visitors. American officials like to deal with the British. They speak our language, they tend to be sympathetic on international issues, London is a great place to visit, and it is on the way to a lot of other places. We got lots of congressional delegations, we got lots of Cabinet members, we got lots of sub-Cabinet members. We had a variety of different dialogues on a hundred different issues, so we had thousands of visitors, official visitors at Embassy London every year.

Q: Well, looking at that, you know, sometimes this is good, sometimes it's bad. How would you view it? Because what it means is a Foreign Service Officer, even a high

ranking one, seldom has a chance to make whatever point they want to make to a Cabinet Secretary or something like that. Did this work for you or --

RIES: I agree with that proposition. I did not consider the visitors to be a huge burden. On some days when you didn't have a chance to do anything you wanted to do, all you were doing were taking care of visitors, it could be annoying. But I was the Counselor of an Economic Section in a major G8 country. Compared to my colleagues, say in Tokyo, or even in Berlin, I had much more access and exposure. I would ride in from the airport with Secretary of the Treasury several times in a six-month period. I would have the opportunity to talk to Secretary of State or senior Senators and Congressmen that embassy officers in other countries wouldn't see so often. In other embassies, you might see a congressional delegation once in six months. We would have them every week. That exposure to Washington officials made being an assignment to Embassy London sort of like an assignment to Washington at senior levels. Maybe even better. You have the occasion to have extensive conversations with policy leaders because they have nothing else to do while waiting an airplane or in a car. With Secretary Rubin, I remember, I'd pick him up and in a 45-minute ride from Heathrow to downtown he would just ask questions about the economy. He is a famous gatherer of information. But he didn't want to be briefed; he wanted to ask questions about what was going on. And he would just ask one after another after another. And you'd get the opportunity to talk to him.

Q: Sounds like Stephen Solarz who --

RIES: Yes, yes.

Q: -- had that reputation too.

RIES: He did.

Q: Congress.

RIES: He did. Also traveled a lot.

Q: How did we see the difference between the Labor and the conservative parties, as far as our economic concerns?

RIES: Actually, it wasn't so big on economics. But the end of the Tories was not pretty. There were a lot of scandals of one sort or another, sex scandals, money scandals. John Major didn't have much control over his own Cabinet towards the end. It was the end of 12 or 14 years of Tory rule and the party was not very dynamic, it didn't really think about much. Tony Blair and Gordon Brown took office full of ambition and excitement. They were going to do things and Britain was going to become a big power in the world. Labour was interested in bringing market forces to bear on the National Health Service, they were interested in reforming British education systems, pensions, all kinds of things. And London was growing. There was this whole movement that became known as "Cool

Britannia." London, was going to throw off the shackles of the old. London would become hip and cool. It was to be a center for movies and entertainment, so forth. So it was a fun place to be. From policy standpoint the British were open to new ideas in a way they hadn't been before.

Q: Did you find the British government structure, particularly the House of Lords and all, was this an obstacle for change there or was it a nullified force or what was it?

RIES: One of the things that Tony Blair did was to change of the House of Lords. Over the period of time that Labor was in power they eliminated the hereditary peers from their voting role in the House of Lords. In so doing they reduced the ability of the House of Lords to hold up policy changes. Labor didn't really change what are called the "Whitehall Rules," or the way that the British government functions, all that much. The British government is one of the most effective governments from an administrative standpoint in Europe because of its parliamentary discipline. It is the right mix of size. It's not so big like the U.S. government where one hand doesn't know what the other hand is doing. They have very, very senior civil servants who run things, the permanent Undersecretaries.

Q: The mandarins.

RIES: The mandarins, yes, like in "Yes Minister." And because of that they're actually able to do things in a way that another government, such as the Italian government is not able to do. As a result of that I think that New Labour was really well served and the government was able to actually turn a lot of things around. At the Treasury, Gordon Brown was actually very conservative. He was concerned about macroeconomic credibility for Britain. People forget that in '93 there had been a Sterling crisis, which was known as Black Monday, or Black Friday or something like that. There had been a credit crisis and Sterling fell out of the snake, the European monetary -- I can't remember what it was called -- mechanism maybe, or something like that. Britain had to devalue sharply because the market lost confidence in the ability of the British to manage their affairs and their public debt. So one of the things that was Gordon Brown's first focus was not to go on a big spending spree. And they were actually quite conservative for the first several years on the budget.

Q: Well, did we feel more comfortable on the economic side with the conservatives of Labour at that time?

RIES: We were glad to see the Blair government come into power because the Clinton administration saw things in the same way as Blair. Clinton saw Blair as a soul mate. There had been a scandal in which the Tories had slipped some information from Clinton's visa application, to the Republicans. It was used in the campaign I think in '92, maybe in '96, I don't remember.

Q: I think it was '92.

RIES: ’92. So there wasn’t a whole lot of love between the Clintons and the Tories. I mean they got on because they had to, but there wasn’t a great deal of love. Whereas Blair was a soul mate for President Clinton, and many of his Cabinet really admired the, the first wave of Blair's ministerial appointments.

Q: Clinton was a Rhodes Scholar too, I mean --

RIES: Clinton did know England because he had lived there, yes.

Q: Did you find that the Clinton-Blair relationship helped or intruded on your work at all at any time?

RIES: Generally speaking I think it helped. In some ways we had to work hard. Richard Holbrooke once called Embassy London "the most irrelevant embassy in the world." The reason for that is that American policymakers like to talk directly to their counterparts in the British government, and because they shared a worldview and shared a language, it was easy for them to do. The British were always accessible to Americans. So there were some ways in which people felt that they didn’t need an embassy in London. And if they needed an embassy at all, the British embassy in Washington is by far the most effective embassy in Washington and everyone knows the British counselors and attaches, so they work the problems. We had a big challenge to be players at all, even though we had all these visitors. We had to work hard. Among the ways we had to work hard, we had to understand what it was that was going on between the Blair inner circle and the White House, what promises had been made, what things had been discussed. It meant we had to really get up early in the morning: I used to tell my economic section colleagues that the only time we have exclusive responsibility between the U.S. and the UK is between the hours of seven in the morning and maybe noon.

Q: Yeah.

RIES: Before anyone woke up in Washington. That meant we had to use every morning really well. You couldn’t sit around and drink coffee and read The Times. You actually had to hustle during the morning hours so that in the afternoon people were reacting to things we had found out, the proposals we had made. And if we did that every day we could do what it was that the people were paying us to stay in London for. So we tried. I tried to take that approach to two sanctions issues we managed that were very controversial. They were the Helms-Burton Law sanctioning companies for investing in Cuba and ILSA, which was the Iran Libya Sanctions Act. Both Helms-Burton and ILSA had impacts on European companies and the Europeans were threatening to ban their companies from complying with either Helms-Burton or ILSA, as they had done with the Siberian gas pipeline back in the, in the early ‘80s. They resented very much that we were seeking to use their companies and their economic relations with Cuba or with Iran for our own purposes. So we were working really hard to try and find a compromise in which we would withhold the hammer of Helms-Burton if the Europeans, for example, would take the tougher line with Castro on human rights. It perhaps doesn’t look like a big deal in retrospect from this vantage point, but at the time it was really controversial. To do that

we really worked very hard every morning so as not to let the British embassy in Washington to seize the initiative.

Q: I've talked to other people dealing with other times when you had the Maggie Thatcher/Ronald Reagan romance.

RIES: Right.

Q: And our policymakers used to get nervous.

RIES: Right.

Q: They would get together -- also with Callahan from Canada too. Ronald Reagan could make promises.

RIES: I never felt that way about Blair and Clinton. I think that government is far bigger and more things happening than any two leaders can manage on their own. Maybe for, or something as big as the relationship with Russia or something like that, leaders can have a separate dialogue. But down in the trenches of economic issues, Helms-Burton, genetically modified organisms, Microsoft antitrust cases, or other trade disputes, the Presidents aren't going to get into that stuff.

Q: Yep.

RIES: And if the White House has good relations with the British, it's helpful for us in getting things from the British that we need or want.

Q: What was the Microsoft problem?

RIES: EU had an antitrust case against Microsoft that they had started in the early '90s. And they were supposed to settle it but it was a question of the terms of settlement and, and what kinds of restrictions the settlement would impose upon Microsoft.

Q: If somebody has a case before the EU and you are sitting in one of the countries of the EU, does that country have a --

RIES: Influence?

Q: Influence, yeah.

RIES: Yes. Antitrust -- called competition policy in Europe -- is actually an area where the Commission actually has exclusive jurisdiction, so they can bring cases and they can in theory settle cases on their own. That's de jure. De facto though, there is a committee of competition policy officials from all the member states that meet with the competition policy directorate of the European Commission on a regular, perhaps monthly basis to go over the cases. For a big case like Microsoft or Boeing-McDonnell, the Commission

actually doesn't have the staff to be able to analyze the millions of documents that they get. Sometimes they will harness the capabilities of member states that have them. The British are sort of the biggest source of such talent. It was important to know -- and if possible shape -- the perspectives of the British antitrust authorities on these big antitrust cases because it could help in the search for a mutual gain outcome. Our attitude was not that we defended Microsoft. Microsoft had plenty of lawyers and they could defend themselves. Our perspective was that they shouldn't be discriminating against an American company because it was American, or because it was successful. But there were some European officials who thought they should use antitrust policy to constrain the competitive power of American companies simply because they were American. That's what we were looking for and trying to stop. Obviously, Microsoft had to meet the same competition policy law requirements that Alcatel or Siemens would have to do, just not more.

Q: I mean was there the feeling that sometimes there's sort of an anti-American EU attitude? I mean where the EU thought the Americans are the barbarians on the outside trying to get in?

RIES: That was a concern. The United States has much to be proud of in that we supported the development of the EU for many, many years.

Q: Oh, it's really the keystone of --

RIES: Our post-war policy.

Q: -- of our policy.

RIES: Exactly. So as I noted earlier we are in many ways "the best Europeans" because we wanted the EU to succeed for its own purpose and for our own interest. But in European policy periodically there has been an idea that the EU should be strengthened in order to allow them to compete better with the United States or hold the Americans at bay on this, that or the other thing. You see that particularly in defense policy, but other areas as well. We would fight against that while supporting the general integration of Europe, and particularly the enlargement of Europe for its own sake.

Q: Did we see any problems, I mean from the American side, on the enlargement of bringing in Poland and Hungary and --

RIES: We were very much for it. We were for enlargement of the EU. I think if I put myself back in the days of the late '90s we thought that the Europeans were a little too conservative. They withheld a lot of benefits of EU membership from the enlarging countries, particularly in agriculture. In '92 and '93 the EU offered agreements with these countries aimed at moving right away to industrial free trade, eliminating tariffs on manufactured goods right away. But they withheld access to the European markets for eastern European agriculture until the very end, until 2004 when they joined as full members. The result was that they actually distorted agriculture policy in these countries

and aggravated the collapse of their industrial sectors. In a country like Poland, manufacturing was put out of business by competitive European exports. Yet Polish agriculture is really one of the most important sectors to Poland in terms of population, share of GDP, etc., and it's a sector where they were very competitive. But the EU did not let Poles export beef, pork and grains to Europe for years after they were obliged to accept Siemens and Phillips and, and other European manufactured goods. I thought at the time that that was really unfair, that they were exploiting the Central Europeans who had no option. Basically, the Central Europeans were desperate to join anything that was Western because they were afraid of revanchism by the Russians. Europeans exploited that vulnerability and unequal bargaining power.

Q: I mean this somewhat beyond maybe your contract, but how would you say you viewed from your perspective Russia at the time? I mean were you --

RIES: I don't --

Q: Once you sort of knocked out the military there's nothing there.

RIES: These were days in which Russia was in turmoil. Yeltsin was the President, they had hyperinflation and other huge economic problems. They were not by themselves a big threat to Western Europe or the United States at the time. Yet they were a problem in that people were afraid that Russia would break up or become an organized crime center or something like that. This is before Putin took over.

Q: How about France? Was France sort of seen as the burr under the saddle, or something like that? I mean a problem more than --

RIES: What, for the British or for the U.S.?

Q: I mean, you know, as an Economic Counselor?

RIES: The French were the leader of the other side in a lot of debates about genetically modified organisms or about Boeing or air services liberalization, and lots of other things. The French articulated the more government-dominated point of view in a lot of those debates. The improvement in U.S.-French relations that we have seen since Sarkozy took office had some precedents. In '97 there was some serious discussion with the French about rejoining the NATO command structure. The French became steadily less dogmatic about the U.S. role in Europe. When we rejected the terms of the NATO military reengagement the French had a kind of a surprise for by staging an important summit with the British in the town of Saint-Malo in early '98. They talked about bilateral defense cooperation, but it allowed for the construction of a European Security and Defense Identity. Heretofore, the British had been the most reluctant to allow for the emergence of a European defense strategy. They were wholly in NATO's camp. But in '98 they were willing to strike a deal in this area with France, which transformed the whole debate and was a big surprise to us. And the reason I know about it at all was that one of my key contacts was the Head of European Policy in the Foreign Office and he

was the first to brief us on the Saint Malo summit. I wrote the first cable about Saint Malo based on a conversation I had with him. It wasn't really my area; it was the Political Section's area, but I happened to talk to him about it right after it happened.

Q: Was this the French pushing and the British being dragged along or was this all of a sudden a sudden meeting of minds or?

RIES: It's hard for me to put myself back in that era. There are a couple things that happened all at once, one of them was the failure of the U.S. to make some concessions that would allow the French to join NATO. We were a little bit to blame. I can't remember exactly the circumstances. But also Blair was reorganizing British foreign policy to be more pro-European and less Atlanticist. This was a way for him to do it. But, it's a long time ago, I --

Q: Oh yeah.

RIES: -- can't remember all the details.

Q: Did you find yourself sort of, although obviously you were subject to orders and direction and all, did you find the Clinton administration was regarding Britain and Europe as going in the right direction?

RIES: I think the Clinton administration was probably the most pro-European administration that we'd seen maybe ever. That is, if you're talking about pro-European Union.

Q: Yeah.

RIES: They were more pro-European Union than really any administration before or since. The George H. W. Bush administration in 1990 agreed to semi-annual summits with the EU. But the Clinton administration put substance in that and really took it seriously. The Bush administration in 2000 or 2001, considered the EU somewhat of a bother and an irrelevance. This administration [Obama] is much more focused on Asia and focuses on Europe now only as a risk rather than as a potential partner, so I think going back a long way the Clinton administration was probably the most pro-EU. I do think George Shultz really thought that the EU was the wave of the future, and George Shultz really got on very well with Jacques Delors and had a similar vision for Europe as Delors'. But I don't think Reagan ever bought into it.

Q: Well, did the Balkan crises have any impact on our relations with Europe or economic --

RIES: Less economic than political. The Balkans crisis was the defining crisis of the '90s and the biggest foreign policy challenge the Clinton administration faced. Their first attitude, and the first attitude of the George H. W. Bush administration before them, was this is a European problem, and we'll let the Europeans sort it out. And the Clinton

administration after Somalia was loath to get involved in further foreign interventions anywhere in the world. As a result, they left the early stages of Bosnia to the Europeans until the manifest failure at Srebrenica of a UN-authorized European Union to prevent a massacre. At that point they had to get involved, less out of conviction than out of the realization Europeans were not capable of doing it themselves. That's when Holbrooke swung into action and finally obtained the Dayton Accords. Later on, in 1998-99, the question was about Milošević and the Kosovars. Milošević wanted to hang on to Kosovo after losing all the rest of the Balkan countries, and the rump Serbian state made a nationalist cause out of maintaining control over Kosovo. It began actively repressing the Kosovars. The situation of Kosovo in the second half of the '90s got worse because Milošević was exploiting it for his own domestic needs. The administration was still a little bit reluctant to grasp the nettle. Tony Blair had to convince Clinton to support the Kosovo intervention of '99. And so that's sort of an illustration of how the special relationship between the U.S. and the British affected U.S. -- broader U.S.-European relations. Had the U.S. not acted in '99 in Kosovo it's kind of hard to imagine what would have happened, but it wouldn't have been pretty.

Q: No, certainly, I mean, we were watching on TV mass exodus from Kosovo --

RIES: Yes there were hundreds of thousands of, of Kosovans who had fled to Albania --

Q: In Macedonia too.

RIES: Over the mountains.

Q: Over the mountains, yeah. I spent five years in Belgrade watching this. Just unbelievable.

RIES: Do you agree with me that Milošević, after having lost Croatia, Bosnia, and Slovenia, his last redoubt was to try and whip up national sentiment toward Kosovo?

Q: Yeah.

RIES: -- and Kosovo's "field of blackbirds" and all that.

Q: Working in Britain, how did you find sort of -- did you get involved with sort of the intellectual and the chattering class or?

RIES: Yes.

Q: Could you talk about how you found this?

RIES: I liked it. The British love to go to conferences and talk and they like to debate. Like in Washington there is a big community of people who are former government officials who chatter and try to influence things. I was often the embassy's choice put on

BBC Radio 4's "Today Programme." I did appearances there I don't know, ten times? I would often cover events at Chatham House, I would go to --

Q: Chatham House being the British BBC headquarters.

RIES: Chatham House is the Royal Institute for International Affairs.

Q: Ah yeah.

RIES: It's the equivalent to the Council on Foreign Relations. And I would go to their conferences and I would talk on behalf of U.S. official policies. I would go to Cambridge and Oxford, to conferences at Ditchley and what's the other one? There's a FCO (British Foreign & Commonwealth Office) Conference Center down in Sussex. I would make the rounds and it was kind of constant university seminar on the issues of the day.

Q: What was your impression from your perspective of British politics? I mean we're talking about now in the United States our politics have gotten pretty vicious.

RIES: Yes.

Q: But how stood they --

RIES: They weren't that vicious. The press is pretty feisty, particularly the Murdoch press, The Sun and whatever. And so when somebody got in trouble, you know, sex or money scandals, the press would pounce on them. But amongst members of Parliament -- Tories, Lib-Dems, and Labour -- they actually got on pretty well. And the members of Parliament were surprisingly accessible. There are 500 of them or something like that, and they don't have any staff until they become Ministers or Junior Ministers. You could actually meet somebody at a cocktail party and go buy them coffee or go call on them in the houses of Parliament. I had a wide variety of contacts throughout British society that I developed. I knew, for example, David Miliband, who was later Foreign Secretary, but when I was there he was Head of the Number 10 Downing Street Policy Unit. I met with members of the policy unit and the political advisors to the ministers all the time. It was not hard. It was always interesting.

Q: Just for somebody reading at a later date, what was in it for the fact that you were able to talk to these people?

RIES: An embassy in a foreign capital has a number of responsibilities. One of the most important is to try to advance American interests and try and convey American perspectives and seek support for American initiatives. But another one is to report, to assess what is going on in the foreign country, partially in order to help the first effort succeed. If you're going to advance American issues you have to understand the lay of the land and who's influential and who's not. So the more access you can have to movers and shakers in a foreign society, the better you can do all these functions. Britain has always been for Americans uniquely accessible. One of the reasons it's so popular with

Americans is that you can talk to Brits and they will talk to you about things that are non-public and you can have friendships and relationships. They're still foreigners. Brits find Americans here in Washington are also foreigners, we are not one people. But we share many, many things and that makes it easy to talk about the things that you don't agree on. And the more different people that you know the more enjoyable an assignment is. And so London is very special that way.

Q: What about your relations with the press? Because it seems to be so almost scandal driven. Was this a --

RIES: Well, I mentioned that I did a few appearances on BBC's Today Programme, which is a little bit like The New York Times. It sets the daily agenda. It's a three-hour morning talk show on BBC Radio 4. It's a little bit like Morning Edition on NPR here, or All Things Considered. But it -- because the newspapers, The Times, The Independent, the, The Guardian, and The Telegraph, represented political points of view, the kind of non-partisan definition of what the national issues are set by the Today Programme. I found the questions were tough, they didn't allow me to say too much without interrupting, but it was good experience. The Europe editor of The Financial Times was a good friend of mine. One of the major guys, I think he was Europe editor of The Times in London was well known to me, and we got invited to his house and got to know many other journalists. My daughter went to school with the Sunday editor of The Mail. So we knew lots of journalists and had generally good relations. I didn't -- I mean they didn't, they didn't make a big deal about us. Unlike in Greece for example, the U.S. is not a subject of yellow journalism in Britain.

Q: I know in Greece, whoever's the ambassador there, what does this mean for Greece was usually --

RIES: Yes.

Q: -- an appointment.

RIES: Greece is different. In Britain, I know that the News of the World and the other tabloids give a sleazy reputation of British journalism, but the quality journalism, what they call broad sheets, the BBC, ITV and so forth, they're really very good, or at least then were very good. They have high quality journalists who tried to understand the stories and were always interesting to talk to, as journalists usually are.

Q: You were there when there was relation -- political relations in the United States weren't very good. This was when the House of Representatives --

RIES: You mean Clinton and the impeachment resolution?

Q: Yeah. How did that play?

RIES: I think the British were sort of bemused by the whole thing. I think they were a little worried when it looked like impeachment would succeed, and that there was a fear that we would have an abrupt change in President, Al Gore would become President because of the impeachment of the president. But that fear didn't last long, just like it didn't last long in the U.S. --

Q: No.

RIES: -- and it was only a momentary thing. I mean the British enjoy a big circus, like anybody does, so they were following the case very, very closely.

Q: (laughs)

RIES: They followed the hearings for prurient reasons -- but no one that I can remember from that period really thought that it was a threat to the foundations of American democracy or strength.

Q: Yeah. How did you and you might say your fellow officers at the embassy deal with this? I mean sex scandals, Monica Lewinski thing, you just sort of --

RIES: We shrugged it off and said it's a Washington thing, it didn't affect us.

Q: (laughs) Well, then after this period you come to the year 2000.

RIES: Mm-hmm.

Q: So where did you go?

RIES: I knew that I would leave in the summer of 2000 and was trying to figure out what I would do next, what my wife and I would do next. At the time the European Bureau was led by the Assistant Secretary Mark Grossman. The Principal Deputy Assistant Secretary -- the position goes by the acronym PDAS -- was Tony Wayne who was good friend of mine and had been my DCM in Brussels, where you'll recall we worked for Ambassador Stu Eizenstat. Tony he had left Brussels and gone back the PDAS job, which is number two in the European Bureau. They started talking at me in about January or so as to whether or not I would be willing to come back and take this job, and I was of course delighted and thought it was a great job. The President decided to nominate Tony to be Assistant Secretary for Economic Affairs. I think the decision was made in February or March. So that moved up the timetable. I was offered the PDAS job in March, but Mark asked if I could come back immediately because the Department couldn't bear a vacancy in the PDAS job. So I actually returned to Washington in April 2000 in order to become PDAS then. So I returned, leaving the family in Europe until the summer. My wife came back in July, but I came back in April.

Q: Well, I think this is probably a good place to stop.

RIES: OK.

Q: And we'll pick this up the next time. We're talking about you're PDAS from 2000 to 2004 with the European Bureau.

RIES: Mm-hmm, right.

Q: Great.

Q: All right. Today is the 2nd of March, 2012 with Charles Ries. And Charlie, we left it off, you were going to be PDAS in -- for European Affairs.

RIES: Uh-huh.

Q: And when was that?

RIES: I came back, I was asked to do the job in March because Tony Wayne was going to be a named Assistant Secretary for Economic Affairs. I was asked to come back early to cover the gap, so I returned in April 2000 and immediately went to work.

Q: WE use these terms, and I think for the research and all, could you explain what a PDAS was? And what particularly this involved for European Affairs?

RIES: Any bureau is headed by Assistant Secretary, and bureaus will have several Deputy Assistant Secretaries. The European Bureau is the biggest bureau in the State Department, at least was then, and if memory serves me right at the time I came back, and certainly later, had six Deputy Assistant Secretaries. One of the six is always designated the Principal Deputy Assistant Secretary.

Q: That's PDAS.

RIES: Or PDAS, right. The PDAS, in addition to substantive responsibilities as assigned by the Assistant Secretary related to some area of the region to cover, also has management responsibilities and is the point of contact for the administrative, or management part of the department with the bureau. That means that the PDAS is the representative of the bureau in the personnel process choosing DCM's and other officers for jobs at the posts abroad and also is responsible for oversight of the Executive Director and the entire administrative and budgetary aspect of the bureau. There's always a resource management component to a PDAS's responsibility. The PDAS also is the senior of the DAS's and often is "acting" when the Assistant Secretary travels. Since Assistant Secretaries of regional bureaus travel a lot, the PDAS is often Acting Assistant Secretary. As Acting Assistant Secretary it means you go to the Secretary of State's morning meetings, it means that if the Secretary of State meets with the Minister of a visiting person from a country in our region, which happens a lot because Europeans come to Washington a lot, you go to those meetings. On some occasions, like -- you even

go to The White House with visitors. So part of the job is representational, part of it is resources, and then part of it is substantive.

Q: Did you have a particular area on which you had watch?

RIES: Yes. I mean the tradition in the European Bureau -- and the European Bureau has a lot of traditions -- was that the PDAS was also responsible for NATO (North American Treaty Organization) and political-military relationships with our allies. When I arrived was the end of the Clinton administration. There was a DAS who was doing NATO. And I, like my immediate predecessor, Tony Wayne, took on the EU (European Union). I was responsible for the U.S.-EU relationship, which is one of the most important --

Q: Mm-hmm.

RIES: -- portfolios that we have. And it's very meeting-intensive. There are lots of meetings with the EU. The EU itself is complex and understanding the EU is -- requires a lot of time. There's an office in the State Department that manages relations with the EU, as well as the OECD (Organization for Economic Co-operation and Development) and some other offices. And that office reported to me. I also oversaw European economic issues from issues related to assistance flows or IMF (International Monetary Fund) programs, to investment and trade disputes. I also oversaw public diplomacy. And was responsible for the Office of Regional Affairs that did counterterrorism, refugees, human trafficking, the UN and other issues. I mentioned that I had responsibility for the Executive Office, the budget and personnel issues..

Q: It strikes me that you had far too much on your plate in a way. I mean if nothing else, just the meetings, all these things require meetings. I mean how did you handle this?

RIES: Like all my predecessors and successors had handled it, by trying to triage things, doing the most important things and delegate others so that you keep your eye on the things that can go wrong or where you can really make a contribution. That's the task of anybody who has senior responsibilities at the State Department. There's too much to cover so you have to decide what's important and what isn't.

Q: Well, you mentioned the EU as a body, relation. In a way, the EU was a -- I won't say a creation, but it certainly, we were the godfather to the EU going back to Dean Acheson and Jean Monnet and all that. What were our prime concerns about the EU when you were there? You were there from when to when, by the way?

RIES: In this job? I was in the PDAS job in April 2000 until July of 2004, so four years.

Q: So this is --

RIES: More, more than four years.

Q: -- this is a good solid time. What were our concerns?

RIES: At the political level, our concern with the EU was to obtain and sustain strong European support for the fight against terrorism. My time included 9/11 and the immediate aftermath, when security was ramped up on both sides of the Atlantic. It also covered the period of the Afghanistan War and the Iraq War. Issues of war and peace were big ones. EU didn't at that time have a formal role in those decisions, but EU countries were split by the President's decision to go to war over Iraq and it tore apart the EU and it was complicated. We also had a variety of trade disputes with the EU. We had things we were trying to do together, assistance initiatives, HIV/AIDS in the Third World. The EU 3 took up the Iran nuclear file of 2003 to try to work with the United States on a non-military approach to dissuade the Iranians from pursuing nuclear weapons. We were concerned about anti-Americanism in Europe. The Bush administration adopted a national security strategy in 2002 that involved an explicit reference to preemption as part of our strategy for dealing with non-state threats, and that was controversial in Europe. The International Criminal Court -- I can't even remember all the issues. There were lots.

Q: Well, did you have a problem sort of dealing with the -- well, let's take 9/11. First place, how did 9/11 hit you? Where were you? And everybody has a story where they were --

RIES: Right.

Q: -- and how this affected you?

RIES: I was in my office. We were getting ready to do the morning staff meeting for the bureau, which was at 9:00. Somebody at our office said, "Turn on the television. A plane has hit the World Trade Center." We turned on the TV and it was after the first plane hit, and it wasn't clear whether it was a big plane, a little plane, why it had hit, whatever. I went off to the staff meeting with not much more than two minutes of watching CNN. The staff meeting was completely normal, nothing particularly memorable happened. When we came back was right after the second plane had hit the World Trade Center and we knew we had a much bigger problem on our hands. Everyone knew. There was a group of people were watching the television in my office when the fellow in the next office, Steve Pifer, who was the DAS for Russia, yelled out to look over at the Pentagon. We turned around. I had sixth floor, south facing office and you could see the Pentagon from my office. We saw this little smudge of black smoke coming up over the Pentagon, which soon became a column going high into the sky. And then all hell broke loose as it became evident some sort of broader attack was underway. After about three or four minutes I talked to Beth Jones and we decided to allow those people in EUR that wanted to evacuate the building to do so. We just did that as a email to the staff without approval by management people; we figured they were pretty busy. But about five minutes later the building was ordered evacuated.

After the order came to evacuate, we talked to Ops (Operations) Center and offered to come up and join the task force in the Ops Center. Pat Kennedy, who was even then and

still Undersecretary for Management, said, "No, the Secretary really wanted everyone out of the building except for the core people who are managing the crisis."

So we headed out. I was able to get my car out of the garage, strangely enough, because I came out on the south side of the building and guards were saying to get the cars out of the garage because they thought that they needed to basically go through all the cars in the garage to see whether any of them had explosives on them. My car was right by the door so I pulled it out and then spent the next hour and a half trying to get home. My wife was also in the building, but she was evacuated from the north side of the building, rather than the south side. We spent two hours trying to find each other. When I got home, maybe 11, 11:30 something like that, and working with Beth Jones, EUR Assistant Secretary from her house, we basically set up a bureau operations center offsite using our own private Internet, telephones and so forth, to call the embassies in Europe to tell them what was happening. One of the initial challenges was that there was an initial report that there had been a French trade office in the World Trade Center. At this point of course the World Trade Center had collapsed. It took us about 20 minutes to establish that in fact there had been a trade office, a French government trade office in the World Trade Center, but it had moved it uptown some six months earlier. So that wasn't a problem. But an initial concern was did we have any official Europeans in the disaster? Did we need to make any special provision informing them and for dealing with their immediate problems? Once we established those facts, the challenge was dealing with our posts. There were bureau officials who were traveling out of the country. In fact, I was supposed to leave for Brussels that night and my suitcase was in the office. There were a lot of other trips that had to be canceled, people had to be accommodated, there were Ministers from European governments that were in Washington and wanted to go home. They had to be told that they couldn't fly out of U.S. airports for the time being. There were just a lot of details to take care of, which we did as best we could from home, and then we reconvened in the department the next day.

Q: How were embassies reacting? Were they trying to get a hold of you?

RIES: Yeah.

Q: What the hell's going on?

RIES: They were. The Operation Center was overwhelmed. What we did was to mobilize the office directors who headed the various offices -- the Office of Western European Affairs, Northern European Affairs, Southern European Affairs, and the like. Cell phones were useless, but the wired phones, landline phones worked. We called people at home and got them to call their contacts at the European embassies in the U.S.. We gave them either Beth's phone number or my phone number if they had any urgent problems. We didn't have the capacity to do conference calls from home in those days, but we did have internet. We gave embassies our private internet addresses and private phone numbers so we could manage those problems that came up. It actually wasn't that bad, but we did learn a lot of things about how, how sketchy our sources of information away from the

office were, I mean just simple things like phone numbers and so forth. Afterwards we took steps to improve that.

Q: Sort of to your mind and others working with you, was it pretty clear that this was an al-Qaeda type operation or quickly --

RIES: I think by 10:00 am everybody assumed it was a terrorist attack. Whether it was al-Qaeda or not I think wasn't clear. On television, reporters were saying the same things all day long, and I actually stopped watching it because there was nothing new.

Q: Yeah. Well, I remember I was coming in -- I just happened to be on the shuttle bus and hit the State Department just when there was all of a sudden --

RIES: All the people were coming out.

Q: -- all these people were coming out and, and I, you know, like everyone else, bewildered as hell.

RIES: Right, right, right.

Q: Well, did you see -- by the way, I've had a long interview couple years ago with Beth Jones.

RIES: Right. Who was my boss at the time.

Q: Yeah. But how did we see the European context of, of, of the --

RIES: The initial European reaction was enormous outpouring of sympathy. All around European people showed up at our embassies with flowers and notes. There was extraordinary outpouring of affection. Everyone realized there was a tragedy, but no one really expected the degree of emotion that we had from Europeans.

Q: Mm-hmm. Did we see this changing our relations or was this just a momentary thing, or what?

RIES: I think within the first hours people were saying this is a game changer, this is a major event that changes the nature of, of diplomacy. We may have overrated it in that respect. But I think people understood from the very first that it was a fundamental change -- and would turn out to be a fundamental reorganizing event in world affairs.

Q: Mm-hmm. Up to that point, did you have any function in relations with the Pentagon and --

RIES: My main relationship with the Pentagon was with regard to the EU's defense identity. The EU wanted to build its own, what they called European Security and Defensive Identity, or ESDI. They had varying motives for that. I mentioned earlier that

in 1998the French and the British got together in France at a place called Saint-Malo and had a summit in which they said they would cooperate in building a non-NATO European defense capability that could undertake missions in Africa and elsewhere. This was viewed with great alarm in the Pentagon, where it was thought to be a threat to NATO. My counterpart at the Pentagon was Ian Brzezinski, son of Zbig Brzezinski, who was the Deputy Assistant Secretary for Europe in the Office of Policy. The Pentagon wanted us to send messages to a variety of potential countries that would be skeptical to sort of rally opposition to this thing, and they were hurt that the British had worked out a bilateral arrangement with the French.

Q: It seems odd that the British would have done that with the, the French.

RIES: It's complicated. It was a complicated sequence of events that led to it. It was actually started by the effort in the '90s to get the French to come back into the military --

Q: Well, Charles de Gaulle played this up, I mean a separate force.

RIES: The French Force de Frappe. Yes Charles de Gaulle withdrew France from NATO's military committee in the late '60s. And that's where it stayed. Thirty years later in the '90s in the Clinton administration we began an effort to find a way to reintegrate the French into the military side of NATO. That failed in'97. The French and the alliance gave up because the French wanted a major command and the U.S. was not willing to entrust a major command to a French admiral or general. So it fell apart. That was the context in which the British made their unilateral move to do something with the French that would keep the French engaged in Atlantic and alliance security. Of course now, many years later, Sarkozy actually did bring the French into the military alliance.

Q: Did you find that in this period with the European affairs that maybe it was more difficult for those, like yourself, representing the United States dealing with matters because George W. Bush was not that popular in the European side and was viewed with a certain amount of suspicion?

RIES: Yes. I mean the attitudes toward George W. Bush were at times pretty negative, particularly after Iraq. And Vice President Cheney made various statements that were perceived to be dismissive of the French and, and the Europeans. There were a lot of difficulties. But any time you deal with the transatlantic relationship there are enormous common interests and flow of economic relations and political traditions and ethnic Americans, and so there's actually a great deal of ballast and support for a continued relationship. And George W. Bush, who was skeptical of the willingness of many Europeans, particularly the Germans and the French, to be as robust in the fight on terrorism as he might have wished, met with them on a regular basis. I accompanied President Bush on his first trip in 2001 when he went to, he went to NATO and the EU. He started by traveling to Spain on a bilateral visit, then to NATO and the EU in Brussels, and then took part in a US-EU summit in Sweden, which at the time was in the presidency of the EU, which was the first time ever a sitting American President had been to Sweden. This was in June of 2001 and before the 9/11 attacks. In July 2001 the

President went back to Europe to attend the Genoa G8 summit, and made some other bilateral trips, to Poland and Slovakia as I recall. It was in Slovakia that he met Putin and afterwards made the "saw into his soul" comment. So Bush in his first year made two extensive trips to Europe, while President Clinton did not go to Europe in 1993 at all. His first trip to Europe as President was in January of 1994. President Bush recognized the importance of Europe, was quick to talk to them and didn't dismiss them. But Europeans felt that he was not theirs in the same way the previous presidents had been.

Q: Well, did you find that you were having to deal with what amounted to a almost hostile White House staff around the President?

RIES: No. I didn't actually find that the White House staff was hostile. The Senior Director for Europe in the Bush administration, from the beginning of the Bush administration, was Dan Fried. Dan Fried had been a classmate in my A-100 class entering the Foreign Service in 1977. I'd known him ever since. Beth Jones also knew him very well. We had very good relations with his staff. We worked hand in glove. We were invited to Situation Room meetings to decide things. The NSC didn't necessarily always come down on the side that I might have wanted. The Deputy National Security Advisor for Economics was Gary Edson. Gary and I had worked at USTR (United States Trade Representative) in 1990-91, when he was Chief of Staff to Carla Hills. So from the first day we had decades- long personal relationship with key people working Europe accounts at the National Security Council staff. We were determined to give them full support, and we made sure the bureau responded to requests from The White House and give them our best judgment as to what could be done in whatever situation emerged. I didn't always agree, but certainly we had --

Q: Good relations.

RIES: *Very* good relations, I mean people that we'd known for years and had mutual respect for.

Q: What about the other side of the equation, the Pentagon? I mean this was --

RIES: That was a little bit more troublesome. Less for us and the bureau because we basically followed instructions on ESDI and the other security issues. But Rumsfeld's Defense Department -- it wasn't so much they were hostile to Europe, they were hostile to the State Department and they didn't really want to consult with us or clear things with us or develop a common strategy. That became much more acute the closer we got to the Iraq War. Even at the beginning you could feel that they thought that they could do the diplomatic part as well as the military part all by themselves and would rather not have to bother with us.

Q: Now, Beth was saying that she had to set up a mechanism where by 3:00 in the afternoon if anybody in her bureau had to get clearance through the Pentagon to let her know because she could escalate it, which of course is a tremendous nuisance.

RIES: Right. It was back to the old Cap Weinberger days where they basically would try to pocket veto things, things that were unpleasant for them or they didn't want to do, rather then tell you they didn't want to do it. Their operating principle seemed to be to not respond and try and force us into, you know, accepting their position by default. But there were a couple of times when we won, more than a couple of times. And Deputy Secretary Armitage and Secretary Powell were willing to go to bat for us. But yes, it was a big problem. It was particularly acute for instructions for NATO meetings, for example, where NATO would have a proposal out under so-called "silence procedure." The Pentagon would want to have one instruction to the U.S. Mission at NATO. And we would think the proposed instruction would be unwise. The NSC (National Security Council) wasn't really able or willing to, to adjudicate those things, so they fell on the State Department and the Defense Department to battle them out, and sometimes it was messy. Since I focused on the EU, which the Pentagon though was irrelevant and not very important, *and* because I did economics where they didn't have a lead role, I had less of that problem than my colleagues who were focused on NATO, or Beth herself.

Q: Well, did you find that -- obviously the people at the Pentagon who were dealing with you were taking their marching orders from the Secretary of Defense, Donald Rumsfeld.

RIES: Right.

Q: But did you feel that there was an undercurrent of agreement or sort of say well maybe we can do this without upsetting the powers that be or I mean was there really basically, I don't want to use the wrong word, but two hostile camps?

RIES: It depended on the issue. I think that in some areas we had perfectly good relations. Working on the Balkans, for example, or when we were working on an issue relating to defense of Eastern Europe, Poland or the Baltics or something like that. There wasn't really disagreement between State and Defense. But the Defense Department did not want NATO's support in Afghanistan in the beginning. People forget about it now, but the Defense Department attitude initially was we can do this unilaterally, and we would rather do it unilaterally because of their experience in the Kosovo War of 1999. In that case, the French, for example, put in 2% of the forces and wanted 50% of target approval rights. At the Pentagon at mid-levels as well as the senior levels, took the view that NATO couldn't help us much in Afghanistan, since they did not have any effective forces because of the distances and lack of bases and if they did join in the effort it was thought Europeans would be insisting on a say on decisions about how we would use air power or relate to the Northern Alliance. It was a problem in that NATO was hurt because on September 12th, 2001 they invoked Article 5 of the Washington Treaty saying that it was an attack on the United States that triggered the alliance obligations of mutual defense. And then they found that the United States said, "That's OK, we got this. We don't need your help."

Q: You mention the Balkans. Particularly in Bosnia we had occupation -- I don't know what you call them, peacekeeping troops in that area.

RIES: Mm-hmm.

Q: And obviously as we geared up to go into Iraq and Afghanistan we needed all the troops we had and there'd been a lot of skepticism about keeping our troops in the Balkans anyway. I mean were we trying to, in the State Department, keep the troops in -- keep some peacekeepers there?

RIES: I didn't work on that issue too much myself, but I don't think the Pentagon disagreed with the idea. By 2001 we didn't have any significant forces in Bosnia, and there were maybe a thousand in Kosovo. In Kosovo, State and Defense agreed that if at all possible we shouldn't draw down in parallel. The mantra -- the bumper sticker -- was, "In Together, Out Together," for Kosovo. We thought that we could draw down peacekeeping forces in support of the NATO mission in Kosovo, but we did not seriously consider pulling all U.S. forces out of Kosovo in order to do Afghanistan. Afghanistan, if you will recall, was initially actually a very small operation.

Q: Yeah.

RIES: It was largely Special Forces. And we won, to the extent that winning was the defeat of the Taliban, and the change of the government took place very quickly, maybe six weeks.

Q: Yeah.

RIES: And then there was the Bonn conference where the international community worked with the Afghans to set up a new governing and constitutional structure.

Q: While you had this job, something which I don't want to say it looms, it's overwhelming now, but some of the countries, particularly Greece being number one, but Italy, Spain, and Portugal, all of the essential overspending with the European currency. Was this at all apparent at the time?

RIES: It was apparent in that the numbers were there for anyone to see, but no one paid much attention to it. It was not seen to be a big problem. The common European currency had begun in 1999 as essentially an accounting transaction. Euros existed in theory in that the exchange rates were locked from January 1999. But the euro really only existed for Europeans from the 1st of January, 2002 when the notes and coins were introduced, and within a couple of months all of the francs, marks, guilders, lire and so forth were withdrawn from circulation. That's when the euro really started. The issue I covered from London when I was Economic Counselor was the preparation for the launch of the euro and discussion of the convergence criteria and the, the deficit criteria. It wasn't a big issue politically. It was a relatively technocratic issue. And those were the days in which Europe had lots of money. Their foreign assistance was growing quickly and also their ambitions were growing quickly. They were negotiating to bring in ten new member states in 2004 and they were making provision to make major funding transfers to the new member states under something called "cohesion funding". No one serious, except

Marty Feldstein, was concerned about overextension on the European financial side. Growth was good, tax revenues were up.

Q: Well, then how did we view things in Germany? By this time had things (phone rings) --

RIES: Can you pause that for just a second?

Q: Sure.

RIES: Yes?

Q: Well, you mentioned all these other, was it nine, ten countries were lined up to join the --

RIES: Ten.

Q: Ten. Were any of them causing concern or was the accumulation of all these people coming in, was this considered a weakening, strengthening, or what?

RIES: There was a little bit of a debate between those who favored broadening the EU and those who favored deepening the EU. The deepeners were the French and the Belgians and, and to some extent the Germans. But the Germans also strongly supported the EU's widening. The idea that the EU would hold off expanding to the countries Central Europe until deepening was completed never really got anywhere, because widening was so important to the security of the EU's eastern frontier. So the French never had a chance to say hey, wait a minute, we ought to deepen the institutions before we broaden them. They were worried -- the French were worried --

Q: When you say deepen, what do you mean?

RIES: I mean the idea of making the EU more of an economic government, with more coordination of policies and reduction of the areas of national veto. The French, for example, wanted the EU to take over responsibility for tax policy so that they could force the Irish to raise their corporate income tax, which they thought was unfair to other members of the EU. Those kinds of things are considered deepening in EU terms. Broadening was bringing in Poland, Slovakia, Slovenia, the Czech Republic, and Baltics as members. The problem for the French is that these ten member states tended to be thought in European terms to be more liberal than the old core member states. Liberal in economic policy terms, in that they were more likely to be free market oriented and hostile to state enterprises and would be more sympathetic to the Nordic or Northern European approach to economic policy. And they also were English speakers, which alarmed the French.

Q: How did we feel about this?

RIES: We were all in favor of it. Are you kidding? President Bush 41, George Herbert Walker Bush, came up with this slogan, "A Europe Whole and Free," and the whole decade of the '90s saw strong U.S. support for the idea of the EU enlargement. The United States was very supportive of bringing in the ten new member states. And in fact in 2003, the year before it happened, I led a delegation to all ten-member states to tell them how much the U.S. was supportive.

Q: Well, here you were looking into Europe as a whole. And Henry Kissinger, sometimes people, whether he was going to do something, and he was -- and somebody said, "Well, we should consult Europe on this."

He says, "Well, what's the telephone number of Europe?"

RIES: Yes.

Q: Did we see a telephone number or are we going to have to call, what is it, 20 members?

RIES: There was some progress on that but not enough. I always used to joke that we always knew that we had a big step forward in European integration, when we had to bring another chair to the European side of the table. The EU kept inventing new ways of coordination. They invented a position called the High Representative for Common Foreign and Security Policy, which was held by Javier Solana, a Spaniard who had once been the Secretary General of NATO. Then Solana was made the Director General of the Council of the European Union. That position has now been transformed into the job that Baroness Ashton, Cathy Ashton, has now, supposedly to speak on behalf of the European Union, but in fact the big countries have not been willing to accord responsibility to either the Council or the Commission to speak definitively in their name or to commit them on matters of war and peace and high, high policy. There is more apparatus of coordination in Brussels on foreign policy issues than there used to be, but there still is no one voice. The only actual area where the EU speaks with one voice is trade policy, where they actually have a commissioner for trade policy who can commit -- speak for -- the member states. He has a committee of members he has to consult with, but basically he's the only real negotiator in trade policy. But other than that, the EU has a lot of different voices: a number of big member states and then even more small member states.

Q: Well, in trade policy one of the concerns early on and continues to be would be all right, we're creating this European apparatus, or we'll helping to do this, and then we're creating sort of Frankenstein's monster, which is going to try to freeze American trade out of Europe. Was there concern about this?

RIES: Those concerns were more characteristic of the '50s and '60s. There has always been concern about what European preferences would do to U.S. market access in Europe. We were concerned in the '80s when they built the single market that it would become a "fortress Europe." But with a couple of exceptions that basically didn't happen, partially because of the accession of more liberal member states, like Finland and

Sweden, which together with Denmark, which was already a member state, joined with the British in essentially a free trade caucus or against new trade barriers on most issues, and that helped. And the overall trend in the international community was toward reducing trade barriers. The Uruguay Round reduced international tariff barriers, including EU tariff barriers, by a third. Agriculture was coming under control. So there were a variety of reasons why the feared harm to American interests from the creation of a common market didn't come about. There are cases though, Airbus is one, bananas and cell phone standards are others. There are many actual instances in which the EU acted together and so disadvantaged U.S. interests. But by and large across the sweep of economic relationship, we were not harmed that much. And U.S. companies benefited from a single market quite a bit; companies that manufactured in Europe in particular had access to the whole European market.

Q: Did we find when this was the era that the Internet was becoming --

RIES: Mm-hmm.

Q: -- a fact of life?

RIES: Right.

Q: I mean all of a sudden people all over could talk to people all over, and how did, how did we find that with our relations? I mean you were there sort of --

RIES: Actually I was in Brussels when the EU hosted a summit on the Internet in 1994. Al Gore came. After 2000, on big issues related to the Internet, there were two that I can recall. One was whether or not Microsoft itself was a big monopoly enforced among other things through its Explorer browser and therefore that deserved to be broken up. The EU started a competition policy case against Microsoft. After the Justice Department had resolved the anti-trust case against Microsoft before the EU started one. We were concerned that they were against Microsoft not because it was anti-competitive, but because it was American.

But the other thing that really affected the Internet, or in which the Internet was a factor, was privacy. This particularly came to play in the aftermath of 9/11. The Europeans -- don't remember exactly when, maybe 2000, 1999, something like that -- passed quite a stringent European law, or European legislation on privacy that required that every member state establish a Data Protection Commissioner that was empowered to determine whether or not companies or parties that acquired data, particularly digital data, had adequate protection of the privacy of that data. In particular compared to us the big difference in the European privacy legislation was that they required positive consent, or so called "opt in" for sharing of data. So if Volkswagen acquires a list of all of its customers because they have their address for warranty repairs or some other purpose they have to protect that list and they can't share that list with The Financial Times for marketing or something like that. Since there was this burgeoning amount of data from activities things like Google searches, the Europeans were struggling to apply the data

protection legislation to data acquired on the Internet. If that wasn't bad enough, after 9/11 what we wanted to do was tighten security on airline travel. In particular, the administration went to the airlines and said, "When a customer makes a reservation with an airline, the airline creates what is called a PNR record, which is a passenger name record, containing the passenger's name, where he's going, what the itinerary is, what his credit card number is, and other details, such as special order religious meals. The administration went to the airlines flying to the United States and said, "You must share the PNR's of all passengers to the United States when you establish the reservation."

So what airlines did was set up a system whereby the PNR records would go to the Department of Homeland Security for checking against the terrorist lists. So if someone makes a reservation from Paris to New York, his data, included his credit card number that he charged the ticket to, his previous stops on the itinerary, all would go into the U.S. system for analysis to see if he was on any of our lists. Once the Department of Homeland Security or the FBI had all that data digitally they could do link analysis and they could say all right, we know that, "The underwear bomber's on the airplane, who else is on the airplane?" and so forth. The Europeans took the view that this was an inappropriate use of the data, that passengers had not given consent to the sharing of the data with U.S. authorities at the time they had made their reservations, and that it had to stop. We had the potential of a big transatlantic bust-up over the issues of passenger name records. There was a subsequent issue related to the lists of manifests of people who were actually on the airplane that had to be shared with U.S. Immigration Enforcement people 45 minutes before the plane takes off, or actually originally it was an hour after it took off and later on TSA increased it to be 45 minutes before it took off.

These were big privacy issues. The Europeans were concerned, "Well, what were you going to do with data? How long were you going to keep the data? What purposes would you use the data for?" In 2004 we entered into the first of several bilateral agreements with the European Union about the treatment of passenger name record data, and other kinds of data like that. Those were all, if you will, Internet security issues, a question of what to do with the data, when on our side we were interested in getting access to transactions that helped us fight the War on Terror. There was another issue having to do with Swift, which is an international financial transactions system. If you make a transfer from a bank in Germany to a bank in Italy, it goes through something called Swift, which is in Belgium. It is a private company, and U.S. authorities asked Swift for access to all their transfers because they're trying to track down the transfer of al-Qaeda money. When the Europeans found out about that they got upset. So we had to work out an agreement on that as well.

Q: What about the expansion of Europe to Turkey?

RIES: We were in --

Q: And Cyprus? During your time how did that play out?

RIES: We had long been supportive of the idea of Turkey joining the EU as a full member state. Turkey actually applied to join the EU in the '80s and the EU kept putting it off and putting it off. In 1994 the EU, as a way of dealing with Turkey's ambitions to be considered a candidate member state, agreed to a customs union with Turkey. This was actually good for us because the Turks actually had to cut their tariffs to all trading partners to harmonize with EU levels. That meant a reduction in tariffs for U.S. exporters. We were supportive of that. In fact, we went to bat to try and get the Europeans to ratify that particular agreement. Later, in about 2001 the Europeans took a formal decision at the summit, to consider Turkey to be a formal accession country, to set up an accession program to Turkey. That began the process of negotiating an accession treaty with Turkey.

At the same time, in the context of the enlargement of the ten that we were talking about earlier, there was a question of how can the EU could bring in Cyprus since Cyprus was divided? The Turks since 1994 were occupying a northern part of Cyprus, but the international community and the UN didn't recognize it. But Cyprus was applying to join the EU, but the EU didn't want to import a divided state. There was a big effort internationally to try and come up with a permanent Cyprus settlement between 2002 and 2004 that it was hoped would be adopted prior to the entry of Cyprus to the EU as a full member state. That's what led to what was called the Annan Plan presented to the Greek and Turkish Cypriots with strong EU and U.S. support. The idea of the Annan Plan was it was going to be subjected to referendum on both sides and in 2001 and 2002 people thought that the problem was on the Turkish side, that Turkish Cypriotes would never agree to be a minority, albeit with protections in, in, in a unified Cyprus. In the end it was the Greek Cypriotes that killed it. There is a lot of historical debate about this, which I don't really want to come down on one side or the other, but they defeated the referendum only after the EU had decided in December of 2003 to bring in Cyprus to the EU regardless of referendum outcome. The reason they decided that Cyprus could be in the EU, regardless of whether to not it agreed to a settlement with the Turkish Cypriots, was because otherwise Greece threatened to veto everybody else in the accession. EU decisions on such matters have to be unanimous. Greece was already a member state and Greece threatened to veto Poland and the Baltics and everybody if the Cypriots didn't get in at the same time. So the result was Cypriotes said no to the Annan Plan, but got into the EU anyway. And once Cyprus was in the EU, you had the problem that Turkey could never get into the EU unless Cyprus agreed. Cyprus then thought it had the upper hand in the negotiations with the Turks over their own island problems. Later on the French and Austrians also got alarmed at Turkey in the context of anti-immigration sentiment and today Turkey's accession chances are very slim.

Q: Hm. Yeah. Shows you get into one of these everybody has to agree, it gives an awful lot of power to small, small powers.

RIES: Correct. Consensus actually concedes a lot of power to the smallest countries.

Q: Always think of the old Polish Parliament where one vote could explode the Parliament.

RIES: Right.

Q: What about Russia? How stood things during the time you were there with Russia?

RIES: Our relations with Russia were pretty good. These were the early years of Putin, and Putin was getting a handle on Russia, which in the Yeltsin years had been really quite unpredictable. It was feared that there was a big risk of domestic upheaval in Russia because the economy was bad and social services and pensions had collapsed, high inflation and so forth. And in the early years of Putin's time, he brought discipline into Russia, which had some immediate economic and coherence payoffs. You may recall that in 2001 on his trip to Europe that we talked about earlier, President Bush had a bilateral with Putin in Slovenia. And he said something along the lines of, "I looked into his eyes and could tell he was a man I could trust." During the first couple of years the Bush administration considered that although we may not like every aspect of Russian power, and we were concerned about Chechnya and other kinds of increasingly muscular displays of Russian interests in their abroad that he at least kept the form of democracy. He held elections for the Duma and he was against corruption and for effectiveness. All that seemed to add to stability.

Q: We had all these Stans still in the European context. Was there a feeling that we should get them to a different bureau or not?

RIES: There had been a brief discussion of a new bureau in 2001. But Beth Jones had been chosen as the nominee to be EUR Assistant Secretary. She felt strongly that the Stans, all the way to Kyrgyzstan, should stay within the European Bureau and argued that successfully. I don't know how serious it was that they would ever go anywhere else, but Beth was clear that we could manage a large EUR. EUR in those days had 55 bilateral relationships. Beth herself had been Ambassador to Kazakhstan, spoke Russian and wasn't interested in losing all those countries and their relationships. She felt that because of the OSCE and the fact that these countries were members or affiliates with the Council *of* Europe that it was a good thing to manage them together.

Q: Yeah, I'll have to check that over. Might have to repeat part of this with the telephone call. I thought I put it back in. But, well then as you looked at -- you left European Affairs, the European Bureau in --

RIES: Summer of 2004.

Q: 2004. One other question. How about the Iraq War? I mean how did -- first place, did you have any personal feeling about this? This was a very controversial thing about many people about whether we should have done it or not.

RIES: My own view was that in September 2002, shortly before the President went to the UN General Assembly to make to put down the ultimatum to Saddam, French President, Chirac had made quite a stiff and tough speech in which he had said that the international

community had to lay down the requirements for Saddam to allow the inspectors to determine what he's got or there would be consequences.

I looked at the situation completely through European eyes or in the perspective of U.S.-European relations, and I thought then what we should have done was embrace the Chirac plan, say, "We agree with President Chirac." I thought we ought to do it this way because should we lose along with Germany on the idea of war with Iraq, it would have been a big blow. Tony Blair was with the President, but we needed France to be with us to have serious chance at having European support. The administration didn't take that approach. Instead the President didn't even take notice of President Chirac and his speech to the UN General Assembly, at least as I can recall. And shortly after that, in October, President Chirac moved ever closer to Chancellor Schröder and that, that was, you know, essentially the axis of defiance to the U.S. approach to Iraq.

Now, one of the issues raise by France was whether or not there should be a second resolution. That is to say, would the UN adopt one resolution telling Saddam all the things he had to do, and a second thing saying OK, you haven't done them, therefore war is authorized. The White House and the Defense Department were against a so-called "two-resolution strategy". If we had accepted Chirac's proposition we would have bought into a two-resolution strategy, because that was explicit in what he had said. But in the end we actually did have a two-resolution strategy because Tony Blair needed a two-resolution strategy, and that the British would need it was pretty evident at the time. But not necessarily evident at the Pentagon. In any case, hat was how I thought even as we came into 2003. I thought that if the Europeans were so worried about us going to war in Iraq that if we'd been willing to pull it back for six months we could have gotten them to support us in such a way that they'd be committed if in the end Saddam still didn't do what we needed him to do. I thought it wasn't such an important thing to go so fast and that maybe going a little bit more slowly we could have had the Europeans on board. I didn't question, like most of Washington, whether or not there were weapons of mass destruction in Iraq. Everyone figured that Saddam was such a character that he probably had hid them. But nobody was taken with my argument. And my view was that it was administration's decision to do it and once we did it then we had to try to get as much support as we could. There were countries like Poland and the UK of course, and Spain, Slovakia, Albania, that wanted to be there with us if we went ahead. Only over time and in light of the subsequent disorder and difficulty, did other countries back away from the policy.

Q: Were you picking up concern among your colleagues, maybe not right in European, but the attitude of the Pentagon of disregarding sort of the caveats of how we should --

RIES: I used to go to conferences all over Europe to try and represent U.S. policy. I got beat up every time I did it, absolutely. People would, you know, quote things that Wolfowitz or Rumsfeld had said, or that Cheney had said, and the famous 2002 national security strategy on preemption and all kinds of other things. Yes, I took a lot of shots for the team.

Q: Well, I'm sure that when Rumsfeld said, "Oh, that's old Europe."

RIES: Right.

Q: You know, "New Europe is," -- that didn't sit too well with some of our major allies.

RIES: You're talking about the letter of the ten. Ten members of the EU, mainly new European members from Central Europe wrote a letter about how, you know, the policies of a couple of member states in the European Union, meaning Germany and France, were weakening support for the transatlantic relationship and this was a really terrible thing. Then Chirac said something about these "little countries" have to learn to shut up. but the response came in a letter of the eight, which were the eight core countries that were concerned about Iraq. They laid out how damaging they believed the war was for transatlantic relations. It was in answer to the letter of the eight is Rumsfeld said, "Oh, that's old Europe. They don't count," or something like that. "They're all old Europe."

Q: Well, this is obviously a very contentious time, but a time when you must have found yourself I mean not only preparing, but practically rebuilding bridges to European countries. I mean did you feel that you were putting out fires that were unnecessarily being lit by the Pentagon and others, or?

RIES: It was a difficult time. U.S.-European relations were deteriorating through this period, but not completely. We accomplished some things and I thought our task was to keep people mindful of the bigger picture and our bigger identity of views. I gave a speech I think in the spring of 2004 at the American Academy in Berlin, the point of which was to emphasize all the things that we actually agree on or were working on. The tag line was we needed to get the U.S.-European relationship off the analyst's couch and back to work. That was my feeling at the time.

Q: Did Vice President Dick Cheney enter into any -- I mean was this above your pay grade or --

RIES: Largely above my pay grade. I was introduced to him a couple of times when I was in the Oval Office for other meetings, but I didn't have any direct contact.

Q: But I was wondering --

RIES: I knew Eric Edelman and then later on Tori Nuland when they worked for him, and if we needed anything from the Office of the Vice President we would go to them. Basically on the economic side they were fine with what we were doing, they didn't give us a hard time.

Q: Well, this it's probably a good place to stop.

RIES: OK.

Q: But where did you go in 2004?

RIES: Well, I was nominated to be Ambassador to Greece --

Q: OK, so --

RIES: -- and I had my confirmation hearing and --

Q: So we'll pick up the whole confirmation and the negotiation --

Q: Today is the 19th of July, 2012, interview with Charlie Ries. And Charlie, you were just on your way to Greece.

RIES: Yes.

Q: So you were in Greece from when to when?

RIES: I arrived in Greece on about the 7th or 8th of January, 2005 and was there until early June 2007.

Q: What was the situation, sort of politically and otherwise in Greece?

RIES: There had been a change of government in March 2004, when PASOK (Panhellenic Socialist Movement) lost power, when Costas Simitis, who was Andreas Papandreou's successor, didn't run. George Papandreou, Andreas Papandreou's son ran, but lost to Kostas Karamanlis, who is a cousin of Constantine Karamanlis. Constantine Karamanlis was the first post junta Prime Minister, later President of Democratic Greece. Kostas Karamanlis -- the younger cousin or nephew, led the New Democracy Party, which is the center-right party, the other major party in Greek politics, to victory in March 2004. He took office based on a program of making Greece more modern and efficient, privatizing state enterprises, reforming the pension system, and trying to streamline Greece's government. His first challenge though was to host the Olympics, which he had done successfully in August of 2004. I didn't of course arrive until January, 2005.

Q: Well, did you find -- there's almost been a very left, strong anti-American --

RIES: Right.

Q: -- movement in Greece. How stood that at the time?

RIES: I considered it my top priority was to attenuate anti-Americanism in Greece, to build a more constructive and less fraught relationship with this new government, taking advantage of the fact that PASOK was out of power and that times had passed. That said, we were still in Iraq. The Kosovo intervention in 1999 was not far in the past, so we had a lot of challenges.

Q: How did you view the top people in the government?

RIES: The Prime Minister, Kostas Karamanlis, was educated at Tufts, at the Fletcher School, and was a really quite intelligent and perceptive man. He, unfortunately, did not did not take a highly public role. Days would go by that he would not have a public schedule or just have a minor cabinet meeting or something like that. The way that Greece had been led under the PASOK government, or the way the United States is led is where the President, makes news every day, was not common in his administration. Karamanlis was a much more behind-the-scenes leader. His Foreign Minister became a good friend of mine, Petros Molyviatis. Molyviatis had worked for the first Karamanlis. He was I think Chief of Staff to the President Constantine Karamanlis, and had had many, many positions throughout modern Greek history. He was a very wise man, and took me under his wing and we spent a lot of time together, a lot of good quality time. There were a number of other strong and intelligent ministers throughout the government that I came to know pretty well. The Finance Minister became a friend and in fact a tennis partner of mine. And the other ministers were technically quite good and some quite outstanding. So it was, it was not a bad government. And they had a substantial majority in the parliament.

Q: How stood when you arrived there the situation in Kosovo and in Bosnia? That whole Yugoslav --

RIES: We were still in a period of time in which Kosovo was being administered by a UN mission, and Kosovo didn't have full sovereignty. That didn't come until after I left. The Greeks had gotten over their opposition to Kosovo War, and in fact Greek banks and economic investment were common in throughout the Balkans. Greece saw itself as a major power in the Balkans, announced a major assistance initiative in which they would provide assistance and business development funding for all the Balkans, all what the Europeans call the "Western Balkans." The Greeks considered themselves -- I think reasonably -- to be really quite constructive. The problem to their north was with Macedonia. It is probably worth noting that just before I went out, in November of 2004 right after the U.S. election, President Bush announced that in bilateral relations the United States would be using the name "Republic of Macedonia" for the country that had been known as the "Former Yugoslav Republic of Macedonia" after its independence in the early 1990's. That was perceived by the Greeks to be prejudicial to their efforts to get the country, whatever it's called, to adopt a name that didn't seem to give it a possible claim on the region of Macedonia that is within Greece, a region -- they would add -- has a larger population than the country of Macedonia itself.

Q: How did you and say the members of your embassy feel about this dispute?

RIES: I wanted to get it solved. I thought it was a problem. It was a problem for the accession of Macedonia to NATO and to the EU, both of which were important goals for the United States. I thought that we should have used our leverage on both sides to try to forge a compromise. But in Washington it was thought that our bilateral move would in

and of itself change the incentives and force the Greeks to be more reasonable. It didn't have that effect and today, however many years, eight years later, it's still not solved.

Q: Was this one of those things that sort of cynically we used -- as happens in our country too -- used as a ploy to gather support for people in particular positions in the Greek government?

RIES: No. I don't think this was an issue used cynically. I think the prevailing opinion within the U.S. government was that the Greeks were being overly sensitive. Major decision makers in the Bush administration, both in the State Department and at the White House didn't feel that the Greek position on the name issue had substantive merit in such a way that we should support it. They took the view that the Greeks were on their own and that we had given them 10 years to get used to the fact that there was a country named Macedonia and that it was time for them to get over it. My own view was different. My own view was that we had a moment in time in 2005 in which we could have negotiated a settlement to the name dispute, but it actually required some pressure on the Macedonian side. Having recognized them by the Republic of Macedonia, the Macedonians suddenly thought they had everything that they wanted and the status quo was good for them and they didn't have to make any compromise. The Macedonians believed it was all on the Greeks to kind of come around and that at the end of the day time was on their side. In 2005 the Greek Minister of Foreign Affairs was Petros Molyviatis, who had no longer range governmental aspirations. He didn't want to be Prime Minister, he was already in his seventies, he was willing to make a deal, which notionally could have been something like Republic of Macedonia plus one word. It could have been "North Macedonia" or it could have been be "Republic of Macedonia, dash, Skopje" or any of a number of other possibilities that could have been negotiated. I believed the Greeks were willing to consider something like that. It was the Macedonians who became hard-line as soon as we had recognized their desired name. And they did crazy things like name their airport Alexander the Great Airport and put up statues of Alexander the Great, which whether they were designed to or not, they did aggravate the situation and made it more difficult to resolve.

Q: Did you get up there at all or?

RIES: To Macedonia?

Q: Yeah.

RIES: I was there once. You recall my wife was Ambassador to Albania, and we made a road trip from Albania back to Greece through Macedonia. Larry Butler was the Ambassador in Skopje and he was a good friend, we've known him for years. I recall staying in his house. I can't remember the exact itinerary.

Q: How stood the Greeks and the Greek government, but also the public opinion on our efforts in Iraq?

RIES: They thought the adventure in Iraq was foolish. Greek public opinion was very much against the U.S. invasion of Iraq. In 2003 when we invaded Iraq, the Greeks were in the presidency of the European Union. So they actually did not join with the French and the Germans and the so-called letter of the eight. But public opinion was very much against the Iraq invasion and very skeptical that it was justified. That said, by my time in 2005, I was emphasizing their need to help their strategic NATO allies like the United States that were facing serious challenges in Iraq. And we did secure a donation from the Greeks of 60 or 70 armored personnel carriers for the Iraqi Army. The Greeks took some Russian-made armored personnel carriers, which were of the same type that the Iraqis used to have and refurbished them and shipped them to Iraq, which was a nice thing. It was a nice thing not only because it helped the Iraqis with something that they needed, but also it was a kind of a peace offering on the question of the war. Whether or not it was a good idea, they were willing to help build a more peaceful and stable Iraq. And the Greeks did keep an embassy open in Baghdad the whole time. They had been open as far as I know when the war started, 2003, and they maintained an embassy the whole time, which was very unusual for a small country like Greece.

Q: Well, did you find the media was attacking us all the time or?

RIES: Yes. At first the media lost few opportunities to criticize American foreign policy and to see the American interventionist hand in domestic developments within Greece. Later it got better.

Q: How stood the left in Greece at the time? I mean was it divided or --

RIES: In late 2002, as a result of a sort of a lucky break, the Greek authorities were able to arrest and convict most of the remaining operational members of the November 17 domestic terrorist group, which had been responsible for the murder of over 20 Greeks and foreigners over the preceding 20 years. By the time I got there most of the November 17 terrorists were in jail and there were only a few odds and ends that they were still looking for. But we were worried about what I called the Successor Generation, a new generation of violent anarchists in their twenties and thirties, which grew out of the university based anarchist movement and was inspired by, although not as far as I know directly influenced by, November 17. One group -- they're anarchists after all, so they're not very well organized -- but one group was called Revolutionary Struggle. And they, they assassinated a guard outside the home of the British Military Attaché. Later, in 2007 they were responsible for sending a rocket-propelled grenade into the side of the embassy. So they were out there and they occasionally did things, maybe not as bad from an effects standpoint as the November 17 murders, but still dangerous, still violent.

Q: Were we able to make any inroads on the campus of the university?

RIES: One of the things that the New Democracy Government came into power saying they would do was to reform higher education. In Greece from the '70s, higher education was a reserved activity for the state. So the only official universities capable of granting degrees that would be recognized by the government were the state institutions like

Athens University and the Polytechnic and so forth. There were private universities, but they operated in a sort of legal limbo and their degrees were not recognized by the Greek state. Mind you, the private universities like Deree College had -- were recognized in the U.S. So if you had a degree from Deree College you could go to any U.S. graduate school. But you couldn't go to work for the Greek state and be paid commensurate with having a university degree. The other problem with higher education sector is that from the days related to the fall of the junta, the university campuses were considered to be asylums. The forces of public order -- either the military or the police -- were not allowed on the campuses -- not by law, but by practice. Athens University, the Polytechnic in particular, and also the universities in Thessaloniki were off limits. The result was that all kinds of nefarious and illegal activities took place on the campuses. They were places where violence, fire bombings, Molotov cocktails, and so forth, were prepared and to which students that undertook such attacks would retreat after doing them. So the uniquely Greece art of violent demonstrations was, over the 25 years or so from '75, perfected. It benefited from having this no-go area for the police so that people couldn't be arrested. There were also problems related to so-called "eternal students." You could go to Greek university and never graduate and still get free tuition and be a student forever. All those things together made the university sector a drag on society. It didn't contribute to the economy the way a higher education sector should. It made it a threat to the stability and peacefulness of Greek politics and it was a place where violent anarchists and quasi-terrorists could have an area to retreat to. The Karamanlis government actually proposed to change most of those things. They were going to change the constitution to allow for private universities. They spoke as if they would not recognize the tradition of asylum from the standpoint of the police and other forces of order. At least they would have the right of hot pursuit on the university campuses. But as in 2006, when the Karamanlis government proposed a series of reforms to the education sector, there were, as one would expect, violent demonstrations from the students who didn't like change. The government backtracked. They withdrew the proposal saying that they would introduce it again in the fall after the tourist season but in fact never did. It became a pattern: the same thing happened with pension reform, the same thing happened with privatization. They would make proposals, the vested interests would demonstrate, the demonstrations would involve firebombs and violence, and the government would retreat. As a result, the government in my time in Greece was not very successful in implementing the policies that it came to office promising to do and, in retrospect, it would have been a lot better for Greece today if they had actually undertaken those reforms in the middle of the last decade.

Q: Well, was your Economic Section monitoring the expenses out and the revenue in?

RIES: Sort of. We paid attention especially to the debt and the assets associated with the Olympics of the previous year. The Greeks had borrowed some 10 billion dollars to host the Olympics and they had built many new facilities, some of which were functioning facilities like the new airport or the metro. But also they had build many special purpose stadiums and arenas, for beach volleyball or baseball. The government originally said they would sell them through a tender process. It quickly became bogged down into disputes about what kinds of uses for these facilities would be appropriate. In the end, no

major Olympic assets were privatized or sold off. That was symptomatic of the reluctance or inability of the government to tackle tough issues. We did follow some of the efforts to securitize government assets, in such a ways to make the deficit look less bad. But I can't say with even 20/20 hindsight that we anticipated the scale and scope of the great financial crisis that we've seen in the last three years. Our Economic Section's focus was on what opportunities there might be were for American business and other private investment in the Greek economy, whether the Greek economy was reforming in such a way to make it more productive and successful, and the energy sector in particular where we were interested in Greek participation and building of gas pipelines to service western Europe from gas from the Caspian. Those were the main priorities.

Q: Well, were there advisors coming to you from the EU or from the States or elsewhere to point out to the Greeks that they're heading for disaster or?

RIES: No. In Athens there was an annual conference in the spring of every year hosted by The Economist. It covered Greece and the region. I can't recall any particular focus there on the fiscal cliff that was in the future.

Q: Yes --

RIES: These were years of rapid growth, mind you. The Greek economy when I was there in '05 was the fastest growing economy in the EU, or at least among the EU-15.

Q: What was bringing the money in?

RIES: The construction, the activities related to the Olympics and building all the infrastructure like new toll roads, airports and metros. Tourism was very good and shipping was quite good. They actually changed their laws 2004 that made it easier for the shipping industry, reduced the taxes on the shipping industry. The result was that a lot of Greek shipping companies, which had been based in London, returned to Athens and that also buoyed up the economy.

Q: Now, one of the things that struck me when I was in Greece 1970 to '74 was the fact that Greeks in general didn't pay their taxes.

RIES: Right.

Q: In fact, the colonels made a big show of publishing a book saying who paid taxes. And everybody thumbed through that and was reporting. But nothing came of this.

RIES: They've tried many techniques, but fundamentally they've operated tax policy on the basis of the Ottoman tax farming principles that are not appropriate to the modern world. And neither party was particularly good at undertaking fundamental reform in tax -- in revenue collection.

Q: Well, did you ever get into informal conversations with members of the government or the opposition about the economy?

RIES: Of course. As I mentioned, the Minister of Finance, George Alogoskoufis was friend of mine, so we talked almost weekly. Of course we talked about the economy.

Q: What was --

RIES: What were the issues?

Q: -- the response? Yeah.

RIES: The issues were whether they would reform the state sector, were they going to reform the education sector, the pension sector, were they going to privatize, were they going to do all these things. And unfortunately, the answer was no, they weren't. But it's not as if in 2004, or 2005 everyone had foreknowledge of the fact that the Greeks were distorting their reporting of their fiscal situation or that they would be forced to the brink of leaving the euro. None of us anticipated that.

Q: Yeah. We're talking right now that the Greeks are sort of teetering.

RIES: No one thought that the U.S. would lose a triple A credit rating either.

Q: No.

RIES: All these things were unanticipated.

Q: No. Governments do not necessarily show great backbone and --

RIES: Right, and nor do private economists foresee these things so well.

Q: All right. Well, what about relations with Turkey.

RIES: That actually was quite good. Greek-Turkish relations changed fundamentally in 1999 with -- in accordance with so-called "earthquake diplomacy". George Papandreou was the Foreign Minister in the Simitis government. And there was first an earthquake in Turkey -- in Iznik I think it was -- in which the Greeks rapidly mobilized to help the Turks, and that made a big impression on Turkey. And then subsequently, a couple of months later there was an earthquake in Greece and the Turks returned the favor. There was some quite skillful diplomacy by George Papandreou and the Turkish Foreign Minister Ismail Cem. Together they did a good job at turning around decades of hostility. And the Greeks, in 1999 changed longstanding policy and came to support membership in the EU for Turkey. They reoriented their foreign policy in the region, and their European policy, to become a steadfast supporter of Turkish full membership in the EU, which they saw would be a security boom for them. It was still pretty positive. The failure of the Annan Plan in Cyprus in 2004 was a blow to that strategy. And a bigger

problem for, for Greece was the way that opinion was going in the rest of Europe, particularly in Austria and France, which was much more negative to Turkey and the EU. As a practical matter, however, the Greeks didn't take advantage of the channels that had been established from earthquake diplomacy in 1999 to resolve the Aegean issues, the Aegean airspace and seabed issues. They thought that Cyprus needed to be fixed first. And the moment passed them by. The Turks were no longer in the "do nice things for Europeans" mode because the Europeans were making it completely clear that the path to EU membership for Turkey was distant and murky. And the Greeks by themselves didn't have enough leverage since they couldn't promise to deliver the EU for Turkey. Things were slowed down and today we have the situation where the Aegean issues are still unresolved, Cyprus is still unresolved, and Turkey increasingly is focusing its efforts and its, and its creativity on the Arab world, the Arab Spring, all the other kinds of things.

Q: Well, did you get involved in the Cyprus business?

RIES: Only a little bit from the standpoint of trying to see if there was anything we could do, whether we could help, whether the Greeks could be helpful with the Greek Cypriots. We had some conversations between myself, our ambassador in Nicosia, and our ambassador in Turkey to see whether we could get something going or we could use the Greeks to get something going. The, President of Cyprus at the time, now passed away, Papadopoulos, was pretty much of a hard-liner on a settlement issues. And despite the fact that we had someone on the Turkish-Cypriot side who was interested, who had signed up to the Annan Plan in 2004, Papadopoulos didn't seem to be really engaging. So we weren't able to pull anything off. My role was to talk to the Greek government, the Greek Foreign Minister to find out what they might possibly be willing to do, and to report that to Washington, which I did.

Q: What about the Greek Americans? They have probably next to the Israelis the strongest lobby in the American government. Did it intrude on you at all or not?

RIES: They were very supportive of me. I put a lot of attention to getting to know the Greek Americans. The biggest single group was called AHEPA but there are a number of other Greek American groups. I would go to their dinners in the U.S., I would welcome them in Athens when they came through, I would attend things for them. I had good relations with all the Greek American groups. They were probably the American private sector component that cared the most about U.S. relations with Greece, and they were generally supportive of the things we were trying to do to reduce anti-Americanism.

Q: How did you find other governments, the Brits, the French, and all? Were we in conjunction with them in matters or?

RIES: On the counterterrorism issue, the November 17 terrorist group was aimed as British as well as American officials and we both had a great deal of close collaboration and outreach to the families who lost their lives from N-17 violence. Like any American diplomat, stayed in close contact with the British Ambassador, the French Ambassador,

other major European countries in Greece who had similar interests and concerns. We shared insights and kept in touch.

Q: Any state visits or anything of that nature?

RIES: Secretary Condoleezza Rice came to visit, in April 2006. We had good conversations. This was after Petros Molyviatis had stepped down and was replaced by Dora Bakoyannis as Foreign Minister. Secretary Rice came for a day and we took her to see the Prime Minister, the Foreign Minister and several other events in the course of a very packed day. We did have demonstrations. It was the first bilateral visit to Greece by American Secretary of State since George Shultz had visited in the 1980's. It'd been a *really* long time. It was significant for that fact alone. There had been other visits, for NATO meetings. But it was the first completely bilateral visit by American Secretary of State. It was an indication of the decline in anti-Americanism. Nick Burns, one of my predecessors, may have told you that in 1999 after the Kosovo invasion, President Clinton came to visit and it was a mess. Hundreds of thousands of people on the street and a lot of violence and so forth.

Q: Yes.

RIES: When Condi Rice came in 2006 -- not that long after 1999, seven years afterwards -- there were a thousand maybe, you know, hardcore anarchists throwing Molotov cocktails in order to get on TV. The other indication of declining anti-Americanism is that from Kosovo forward and in light of the invasion of Iraq, we hadn't brought any Navy ships to visit Greek ports. In 2005, we brought a destroyer to Rhodes. They had a wonderful visit, everybody was very welcoming, sailors were well behaved, nothing at all happened. After that we started to do regular ship visits, first to places like Rhodes, Corfu and Crete. Even in Athens we began to have ship visits. The sailors liked it because Greece is a great place to visit and they were transiting the Mediterranean to and from the Persian Gulf. So we had a lot of ship visits and they all went well, we didn't have any problems. But only a few years before you couldn't have a ship visit that wouldn't be the cause for massive anti-American demonstrations.

Q: Well, I take it by the time you left there that you felt that things were pretty much in order.

RIES: I think the U.S.-Greek relationship had gotten much better. I don't know whether I had much to do with it, but I was lucky. It happened on my watch.

Q: Timing is always important.

RIES: Right.

Q: But I mean one can always make it worse (laughs).

RIES: Right. We tried, we tried really hard. One other thing to mention in that was we thought in our cultural programming about how to deal with the traditional anti-Americanism. One of the things we decided to do was to put less emphasis on cultural exchanges that were of interest to people in their forties and fifties on the grounds that that segment of the population had had their minds made up in the 1970s of what they thought of the United States: the Vietnam War, the colonels' coup, Nixon supposedly supporting the colonels and the Cyprus invasion and so forth. They were probably lost causes. So ballets, jazz groups and so forth were kind of hard sells. We reoriented our cultural programming to focus on the twenty-somethings, the younger generation, Gen-X and Gen-Y. So we brought over skateboard artists, graffiti artists, video game designers and hip-hop singers as our cultural programming. This was because for the generation in their twenties and thirties, American are "cool."

Q: Yes.

RIES: We tried to take advantage of the opening that America was cool. And so we did much more -- most of our money went to very young things.

Q: I can see, looking at the culture of an embassy and all, and all a sudden you're bringing up a graffiti artist --

RIES: Right --

Q: -- who'd take a look at the walls of the embassy and --

RIES: *(laughs)* Right. Well, we didn't let them do that -- the painting that they did was on canvases, but.

Q: But did you find -- I mean was there resistance from the cultural side of the Greeks?

RIES: No. The Greeks love this stuff. I would attend very modern art openings and there was always a good turnout. It was not weird. They have avant-garde music and theater and so forth in Greece.

Q: Well, you left there when, in --

RIES: June of 2007.

Q: And wither?

RIES: To Baghdad.

Q: Baghdad.

RIES: Mm-hmm.

Q: What were you doing there?

RIES: I was supposed to stay in Greece until 2008 and had in fact been assured that my job wouldn't be on the list for filling in 2007. When Ryan Crocker was named to be U.S. Ambassador to Baghdad, he got out to Baghdad and said that he wanted to bring in a whole new team of people. I don't know exactly how they focused on my name, but Ryan came to me and asked me if I would come to be the Head of Economic Assistance and Economic Policy at the embassy with responsibility for USAID and all the other pockets of assistance and efforts that we had. And my wife, who was Ambassador in Albania, was invited to become the Political Military Counselor. We discussed it and we decided that in 30 years in the State Department no one had ever said, "The service needs you to do this," and we thought that the only proper answer to that was, "Yes sir." You serve the country and if the service says your skills are needed some place hard, it is the time to do it. So I gave up my post and she did as well and we went to Baghdad.

Q: You were there from when to when?

RIES: Beginning of July 2007 until the end of August 2008.

Q: What about children, do you have children?

RIES: Mm-hmm.

Q: Where were they?

RIES: They were both out of college and working in the U.S.

Q: So this wasn't an issue.

RIES: No.

Q: What was the situation, this 2007 to 2008?

RIES: President Bush had agreed on a new policy towards Iraq in January 2007, which was called "The New Way Forward." But it generally became known as "The Surge." The Surge was the commitment of an additional 35,000 to 40,000 troops and a new way of using our troops in Iraq, in order to change the dynamic of the insurgency and to help strengthen the Iraqi government's ability to manage its own affairs. It was a reversal of the previous policy, which had been to keep U.S. forces largely on base, but under the surge we actually put them out and around the country more. Violence went up. When we were deciding whether to go in April and May, violence was at the highest level it ever would ever be in Iraq. By the time we got there in July 2007, the second day we were there was very the very worst day for attacks on the Green Zone. We had more incoming mortars and rockets that particular day than ever before or ever since. But by two months later, by September, things were actually getting cautiously better. The, the Surge was working in terms of giving us much more presence around the country. Violence was

starting to come down. The Sunni Awakening was starting to take hold. Every month there were 10 or 15,000 more volunteers into the so-called Sons of Iraq, which was the Awakening group in which the Sunnis basically gave up the insurgency and came over to our side. Things were getting better. And so we were there as it turned around.

Q: How did you find economic planning and economic efforts in Iraq? Because you know, any time I've -- I've gone to Vietnam, you know, and I mean one goes through various phases. And Iraq is -- there's been much criticism and second guessing. How stood it at your time when you --

RIES: With the Iraqi economy, let's start with sort of the basics. The Iraqi economy was growing. 2006 was a, was a bad year, high inflation, the insurgency was very bad, and growth dried up. 2007, as things got better, the economy started picking up as the U.S. forces got out and secured market places. There was more commerce taking hold. We were able to start turning around electricity production. With more electricity, there was more economic activity of all kinds. Things were starting to get better. Also, oil prices started on upward trajectory in the summer of 2007 and peaked in March of 2008. Iraqis were able to acquire serious revenues from selling their oil. 95% of their income was from oil exports and when oil prices doubled, they doubled their revenue. They were spending their own money, which was actually much more effective in stimulating their economy than spending our money, because our money was spent on contractors and, you know, had a big security component and so forth. Whereas when they spent their money it had a much more immediate impact on the economy. So for a variety of reasons the economy started getting better. In 2008, the Iraqis -- Iraqi Ministry of Oil decided to try to bring in foreign oil companies to accelerate their development of oil on a service contract basis. That resulted in the first deals in 2009, and that's the basis upon which the Iraqis now are one of the fastest growing economies in the world, because their oil experts are going up, not only from the price effect, but also the volume is increasing and they recently passed Iran in terms of exports. And so they're doing well.

Q: Well, did you find that you were dealing with people who really understood the world economy and --

RIES: You mean amongst Iraqis?

Q: With Iraqis, yes.

RIES: The Deputy Prime Minister, Barham Salih understood the world economy. The Finance Minister was not really an economist, but he was clever in his own way and, and got a hold of the Finance Ministry and started to get a better handle on the fiscal picture. They had some Iraqis that had been working in London during Saddam Hussein's time. They understood what they needed to do. They the Trade Bank of Iraq in 2004 that was growing in successful -- issuing letters of credit and financing foreign trade. Things were starting to turn around. They were not babes in the woods. At the top levels in Iraqi society they're very sophisticated and understood what their problems are and what they needed to do.

Q: Yeah, I know when I came into the Foreign Service in 1955, Iraq was considered a country ready to be -- to take off, I think was the term.

RIES: And it did well through the '70s.

Q: How did you find sort of the U.S. projects? Were they --

RIES: Well, you mean our assistance projects?

Q: Yes.

RIES: Our assistance projects went through varying phases. There was 20 billion dollars committed to assistance to Iraq in late 2003 and early 2004. A lot of that was in the first instance committed to big U.S. contractors, Bechtel and Parsons Brinkerhoff and so forth, to do major multibillion dollar projects, mainly infrastructure to rebuild their energy supply and improve water supply and so forth. The feeling at that point had been that the attitude of Iraqis toward the occupation would turn around if they could see definite benefits. These projects though were very large and as the security situation deteriorated the foreign contractors in some cases were the victims of violence, and in all cases had to spend a lot of money on security for themselves and their employees' movements. Most of those projects did not achieve their objectives and were terminated early. Then we used the military, the Army Corps of Engineers, to build on a smaller but expeditionary scale many projects all over the country. The Corps tended to hire local Iraqi contractors or contractors from the region, Jordanians or Kuwaitis, and did somewhat better. But a lot of money was wasted in part because we basically imposed projects on the Iraqis. We rarely asked them for what they thought their own needs were and rarely developed any local support for the projects. We just built them. Over time as we got to my years there, the philosophy had changed. We tried to get Iraqi buy-in, we tried to get Iraqis to contribute towards the cost of projects and in particular to agree to support the maintenance of things that we built. We also focused more on Iraqi capabilities. Our assistance was more used towards building local governmental talent, helping them do budgeting, helping them select projects for spending their own money on, building a Ministry of Finance that could control their own budget, allocate their own budget, and so forth. We did spend money on the private sector, both microfinance initiatives and a variety of entrepreneur support centers where there was access to finance and technical support for entrepreneurs. All those things worked pretty well. We gave the Iraqis a lot of technical advice on building and rebuilding their electricity grid. We had a collection of 20 or 30 engineers that would work with the Ministry of Electricity to figure out what their priorities were for investments, how to repair things and how to maintain turbine generators. That also worked pretty well. But the big multibillion-dollar water projects and power plant rehabilitations and so forth often were behind schedule and over budget, by their nature.

Q: How did you feel about the problem of corruption?

RIES: It was undeniable. There was a lot of corruption. The more money that was sloshing around, the more corruption there was. Political interests tried to get control of key ministries in order to get control over sources of income for their own benefit. It was a very serious problem. And the Prime Minister and his --

Q: Who was the Prime Minister?

RIES: Nouri al-Maliki was still Prime Minister. He used the threat of corruption investigations as a way to keep ministers in line. We had insisted that the government set up Inspector Generals in every ministry, and they all reported to Maliki. They were part of his political control of the ministries, rather than objective independent enforcement mechanisms. Our own corruption, anti-corruption programs were largely in the area of information technology. We gave these inspectors general and the parliamentary anti-corruption committee state of the art computers and secure communications. But we couldn't force them to act. And they didn't act. They did bring down one sitting minister, the Trade Minister, who was responsible for the food rations system. They did convict him or at least brought charges against him. But Iraq is justly toward the bottom of the World Bank's and Transparency International's corruption rankings.

Q: But some of the infrastructure for making the system work was being put in place. Or not?

RIES: I think as time went on the Iraqi government became more capable, more capable of utilizing its own resources in accordance with its own priorities, and more able to make things happen. Sure.

Q: Well, when you left there -- first place, how did you find relations with our Military?

RIES: I had always known military officers at embassies as attachés and so forth, but this was my first experience with such a large command and living in such a close relationship. I was responsible for the economic line of operation, which meant that I was in charge of all economic activities in the country. I briefed General Petraeus and everybody else every six weeks or so on our progress. I also attended General Petraeus' morning battle updates and had close contacts with many general officers and colonels throughout the system. I think I got on well with them. I still have many friends from those days.

Q: Well, did you find -- maybe they didn't have it this time, but I know at a certain time commanders had a briefcase full of money which they --

RIES: You mean the "commanders emergency response program," or CERP.

Q: How was that working?

RIES: It worked well. They didn't coordinate it with me. Even to ask about the kinds of things they should support. The military did get involved in agriculture. We were having

a big debate about agriculture. USAID, the U.S. Department of Agriculture, and the military all had different approaches. I convened a group to hammer out a common approach on agriculture so that the spending on agriculture and the extensive service efforts of USDA and the market based efforts of USAID were all complementary. That actually improved. But in general I didn't have much influence on how CERP money was being spent. I would find out about it after it was already committed.

Q: Just out of interest, was the sort of agricultural life was being restored to the marshes?

RIES: We had a marsh restoration program, and the World Bank did as well. Things were getting better in the marshes. Some of the things that were resulted from Saddam Hussein's draining of the marshes were irreversible. There wasn't enough water to put back in the marshes. But the people in the marshes, you know, sort of stabilized and they stopped losing population. Some of the traditional ways of life returned. It was also a smuggling route between Iran and Iraq. A lot of the weapons and explosives for the Shia extremist groups would come into Iraq across the marshes. Neither the Iraqi government nor the U.S. military never got a handle on it. That's sort of like the Everglades or something like that. It's kind of hard area to enforce the rule of law.

Q: Well, I'm just looking at the time I guess.

RIES: Yeah, I had an appointment at 12 unfortunately.

Q: Yeah. That's all right --

RIES: This is really the end of the story. I retire right here in 2008.

Q: Great.

End of interview