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Pre-USAID Life and Career: 1949-1981

Early Childhood in Southern Indiana: 1949-1958

Q: So today is June 8th 2017 and this is our first recording with Joe Ryan with USAID. So Joe, where were you born? Let's start with that.

RYAN: I was born in Bloomington, Indiana from where I'm speaking to you now. Both of my parents are Hoosiers; they were at Indiana University and married there, in Bloomington. Both ethnically Irish-German American citizens from families that were pretty much all doctors and lawyers, so it's natural that they went to university.

Q: And the date and year of your birth?

RYAN: July 4th, 1949.

Q: Have you done any ancestry investigation to find out when your forbearers arrived in the U.S.?

RYAN: On my father's side we didn't need research. I personally knew my father's father's father, P. J. Ryan, who was born in Tipperary (as all Ryans originally are, by the way) in 1861 and came to the United States as a teenager in about 1880. Somehow he went to a town in Indiana and ended up in Indianapolis, which is where my father, his grandson, was born. I last saw P.J. when he was 99; he died at 102.

On my mother's side, some research by a family member (maybe a cousin of my mother's?) showed that the Hepner family came to the States around the 1760s.

Q: And brothers and sisters?

RYAN: I have three brothers and a sister, all younger. My mother had five children by the age of 25, thanks to the last two being twins. They were all born in Columbus, Indiana, where we moved at the end of the summer term of 1949 when my dad graduated. I was probably two months old. Columbus is 40 miles east of Bloomington and 40 miles southeast of Indianapolis, so we could visit my parents' families easily.

Q: What did your father do?

RYAN: Business manager. He went into the Navy in 1943 right after graduating from Shortridge High School in Indianapolis, demobilized in '46, and went to Indiana University in Bloomington as a business major. His first job in Columbus was with a corn products company -- we're in the Corn Belt, after all.

Bloomington is idyllic, but Columbus is also a good town. In the 1950s Bloomington had a population of about 40,000 and Columbus only 20,000, but Columbus was also the headquarters of a Fortune 500 company, Cummins, and had other industries. It has always been a good place to work. It's Vice President Pence's hometown, by the way.

Q: And did your mother stay home with the kids, or did she also work?

RYAN: She dropped out of IU to have me. She had skipped a grade in school so she was a good student and was at IU a year younger than normal. She didn't finish up until 25 years later and then got a Master's in Fine Arts. She did a lot of painting, including commercial portraits. But in the beginning when the kids were young, she was at home.

Q: And so you spent your childhood and teenage years in Columbus?

RYAN: In Columbus only through third grade, up to 1958. I went to a township school outside Columbus, since our home was just outside the city limits. But that was long enough to feel an affinity for the place and to have friends that I kept track of for a while after we moved. My younger brother went to first grade in Columbus before we moved.

In Hawaii through High School: 1958-1967

Q: Ah, OK. And then the family moved again?

RYAN: Yes. We moved from Columbus in May 1958 to Honolulu.

Q: Oh, my goodness. That's quite a move.

RYAN: My mother's mother was a very original person and had moved there shortly before I was born in 1949. She was an MD and practiced psychiatry in Honolulu.

Q: What made your family then decide to up and move to Honolulu?

RYAN: Visits to Hawaii. My mom and my aunt each took their young kids on long visits of a month or two, my aunt in 1953 and my mom in 1957. (The husbands stayed home and worked in each case.) My mother took all five of us kids. My dad, of course, had seen Pearl Harbor the hard way in '44.

Q: Right.

RYAN: And I think my parents just liked the idea of living in Hawaii. With my grandmother there we had a support system. My dad looked for work after he arrived, so it wasn't a job that took us there.

Q: Oh wow. That's very interesting. I mean, your family decided where you wanted to live, and then figured out how they were going to support themselves and so on.

RYAN: Yes. Fortunately, Hawaii's business climate was excellent. They were basically recession-free for the next 25 years.

Q: Ah. OK.

RYAN: We moved to what was the Territory of Hawaii in 1958. And in that year I think there were 200,000 tourist arrivals.

Q: Oh, wow. Already.

RYAN: Well, yes, but by the time I finished high school there were a million annually. Five years later there were two million. And so the businesses my dad worked in – building materials – always had work. Within a few years he got tapped to manage a business that wholesaled building materials to contractors. He was the vice president and ran the company, while the owner was the president. The owner had established the business to complement his other businesses (roofing, insulation), which installed building materials. So my dad ran the company until he retired in the late '80s.

Q: OK. So in essence, really, all of your most important growing up years were in Hawaii.

RYAN: Well, most of them. I wouldn't discount the years I lived in Columbus as an influence.

And also, during my time in Hawaii we lived in two places with somewhat different social environments. We were in "town," or Honolulu proper, close to the Punchbowl crater, until November 1962 when I was in eighth grade. Then we moved to a suburb

called Kailua on the windward side of the island. It's better known now because Pres. Obama used it as his summer White House. He obviously chose it because it has a wonderful beach, but there's a Marine Corps Air Station on the Mokapu peninsula next to Kailua, which made it convenient for the President's security. I lived there through graduation from Kailua High School in 1967.

Q: OK.

RYAN: Moving from town to Kailua on the windward side was a change socially in terms of the ethnic mix.

In Hawaii, I was an ethnic minority. In my years there the overall population was about 40% Japanese, 40% haole (Caucasians from the mainland U.S.), and the other 20% mixed between Japanese, haole, Chinese, Filipino, Portuguese, Hawaiian and so forth. The mix in our first neighborhood in town probably included only about 20% haoles.

Q: OK. And how would you describe the high school just in terms of size and student body?

RYAN: We had a graduating class of 800.

Q: That's a pretty reasonable sized high school. And so roughly, the percentage of mainlanders to local Hawaiians in the high school?

RYAN: About 50-50 maybe, so more haoles like me than in town. And when you say "local Hawaiians," you need to understand that Hawaiians, much like Native Americans in North America, were profoundly affected by European diseases. Very few native Hawaiians survived, relative to the original population. Inter-marriage was also common, so many people are part-Hawaiian. Actually, my grandmother ultimately married a man – Richard Kanehikilikaleikoa Leialoha, her third husband -- who is about as pure Hawaiian as we have on the planet.

Q: OK. Yeah, I understand. So it's a bit like Creole society in the sense that, yeah, there were some native Hawaiians who still survived, even though many died out. But then many other nationalities came, stayed, and intermingled, and created a kind of local Hawaiian Creole society.

RYAN: Yes.

Q: Interesting. OK. So now of course you were there for when Hawaii becomes a state.

RYAN: Right.

Q: How would you describe that? Because there are not many people who actually experience that kind of thing.

RYAN: I don't remember any visible change. Probably it helped ensure that tourism from the mainland would continue rising, which made our family income more secure.

Q: Oh, OK. So now in high school were you involved with other kinds of activities aside from just the regular curriculum?

RYAN: Music was one thing. It was actually in grade school back on the other side of the island that the school system got me started in music, and then specifically in French horn playing in the beginning of seventh grade. My elementary school, Lincoln School, was a very good school and actually the first "English standard" elementary school in the state. What that refers to is that in the good old days the schools started off teaching in Pidgin.

Q: Oh, interesting.

RYAN: Lincoln was, as I understand it, the first school that switched to teaching in standard English. And of course by the time we got there the memories of teaching in Pidgin were lost. Well anyway, in Lincoln I got started in music programs and then, right next door at the intermediate school I went to, I was doing violin for a little bit but I switched over to French horn. That became a big part of my life for several decades.

Q: Oh, interesting. Alright. So let's go back to the high school experience.

RYAN: The other thing I did in high school was basketball, admittedly on the second team. Also, our family recreation included a lot of sailing, as my dad bought a little catamaran that we sailed around in Kailua Bay. So my high-school years had a lot of French horn playing, some amount of basketball playing, and catamaran sailing.

Q: Now, also, were you beginning to think about international affairs, given that you're getting tourists, and I imagine eventually also tourists from other countries, maybe Japan and so on. Are you beginning to get exposed to more international interests in high school?

RYAN: Actually, I don't think so. I did start reading *Newsweek* regularly from about 1962, if not 1961, so I was aware of international events. The first cover illustration I remember was one of the Laotian princes or prime ministers. But I have no recollection at all when I was in high school of civil rights, or anti-war movements, or anything. And I really have no recollection of international affairs being mentioned in school or at home.

Q: OK. It's interesting because you imagine Hawaii being in the middle of the Pacific that there are all kinds of international visitors who are shipping and so on.

RYAN: Not in those years. Later that definitely became more true. Hawaii is a long way from anywhere. It's actually the most isolated landmass on earth -- just comes straight up from the bottom of the ocean. So it didn't have close relations with any surrounding countries. In my years there, almost all the tourism was what the trade calls "westbound," coming from the States.

Q: I see. OK.

RYAN: In the '70s back when Japan was going to rule the world ... I don't know if you were there for that hysteria ...

Q: Oh yes. I recall.

RYAN: ... then the "eastbound" arrivals picked up a lot and all the shops started having Japanese language signs.

But no, in my era Hawaii was more isolated than it was international. It was a multiethnic society (or "creole" as you said), but the different groups were all part of Hawaii rather than representing different countries.

To Stanford for College: 1967-1971

Q: Interesting. OK. So as you're going through high school are your parents thinking about sending you to college outside of Hawaii?

RYAN: They didn't plan it specifically. I was a very good student so they just let happen what was going to happen. If I had gone to the University of Hawaii that would have been fine.

Q: OK. But now as you're going through high school did you also take foreign languages or get any other exposure to international relations?

RYAN: Barely. I took a half summer course in French, but that was because I wanted to take the summer typing course and you normally signed up for two subjects, so I took French just to fill out the curriculum. My foreign language in high school was Latin.

Q: Oh interesting. OK. Alright. Now you are approaching the end of high school. What are you thinking of then in terms of college or perhaps professional life beyond high school?

RYAN: The older brother of a good friend of mine in high school recommended Stanford, and I saw a couple photographs of it and thought that would be keen. So I applied and got in.

Q: I certainly can't blame you. Fantastic reputation and of course it's the closest or among the closest colleges to where you were living, given the isolation of Hawaii in the Pacific.

RYAN: Right. The thing is though, I really knew very little. I was not getting intensive advising. I remember distinctly that my impression was that Stanford was on the east

coast of the United States and that I found out differently when I was putting the stamp on the application envelope with the pre-printed address in California.

Q: OK. And did anybody else in your graduating class with you also end up in Stanford?

RYAN: Yes. One friend who was well known because he was an outstanding middle-distance runner. I've actually run against him in half-mile races. When he takes off, it looks wrong. You know, you don't take off at that speed in a half-mile race. But he did. So he went to Stanford, where he went under four minutes in the mile and later on became the American record holder in the 5000 meters.

Also, a couple friends from other high schools who I knew from the Honolulu Youth Symphony went to Stanford while I was there.

Q: Interesting. Alright. So there you are, you get to Stanford. It's a new experience in a lot of ways. What were your initial impressions?

RYAN: My initial impression, arriving at the beginning of fall was that it was warm until you stepped into the shade, and then suddenly it was cool. And the air was warm but if you put your hand on a stone on the ground, the stone was cool. Somehow that was a little unsettling to me -- like an invisible menace. Hawaii is not like that. Everything is always uniformly warm.

Q: Alright. So certainly you're recognizing the different environment. But I'm also curious about, Stanford's a rather large university and it's situated in an area that's also larger, more active, and so on than the one that you came from as a kid.

RYAN: Well, actually not because Stanford, I don't know if you've heard it called "The Farm," it's its own place. More so in that era than now. There's a buffer zone around it before you get even to Palo Alto, much less San Francisco.

Q: Oh, I see.

RYAN: So you really are quite isolated. And for kids back then, well, Stanford's a little different now, but kids mostly didn't have cars, or even motorcycles. There were enough wealthy people at Stanford that some did, but it was clearly a mark of substantial wealth for someone to have a car.

Q: And you arrived there in what year?

RYAN: The fall of 1967.

Q: OK. So right in the middle of all of the social changes and the anti-war things.

RYAN: After the civil rights stuff and on the front end of the anti-war thing. Actually the student body president the year before I arrived was a guy named David Harris. I don't know if that name means anything to you.

Q: Well, no not really.

RYAN: Marrying Joan Baez was one way that he became famous, but he also was an early anti-war protester, draft card burner, and spent some time in prison, which made him a prison rights activist afterwards. He was exceptional, but things took off from there. It was on the leading edge of that when I arrived.

Q: And did it have any effects on you in the sense of did you become interested in participating in any of it?

RYAN: Oh yes, it definitely did. Particularly in the spring quarters (Stanford is on the quarter system). Good weather helps get people out. So anyway, yes, the spring quarters of my junior and senior years were somewhat disrupted by events on campus. Sit-ins, take-overs, highway blockages.

Q: All the protests and the civil disobedience, but had you then formed already political ideas or political notions that you were articulating through all of this, or were you just joining and going along with what you saw going on?

RYAN: I would say the mix was maybe 70-30 in terms of having views and articulating them, and 30 going along. I was certainly not in a leadership role, however.

Q: OK. Well, before we go too far with all of the protesting, let's also take a look at the curriculum you chose and what you were thinking about in terms of your studies.

History and French horn playing competed for my attention

RYAN: I was a history major, and I guess I knew I would be from the beginning. I also did lots of French horn playing: woodwind quintets, the orchestra, the chamber symphony, the wind groups, operas, musicals, you name it. I didn't take lessons, though.

During the summers I went back home to work and I played with the Honolulu Symphony during its summer seasons. I got a dispensation from the American Federation of Musicians because it's a union gig. I think my first summer with the symphony was when I graduated from high school before going to Stanford, if I'm remembering right. I was invited to stay for the regular season once, but I turned it down because I thought I was supposed to be in school.

Q: And this was paying work for you as a musician.

RYAN: Yes. In the summer I worked days where my father managed to get me jobs with companies that were related to his. I cut pipe insulation, I did roofing, I made laminated

plastic countertops and tables, etc. We did the roofing for the then-new wing of the Honolulu Airport around 1970. And then in the evening I would go to rehearsals at the Waikiki Shell with the symphony and play the performances there.

There were a couple big-name visiting conductors: Andre Kostelanetz, Elmer Bernstein (not Leonard), David Rose. Van Cliburn came to play Tchaikovsky.

Q: Ah, interesting.

RYAN: Kostelanetz was good, he totally knew what he was doing. And I remember how annoyed David Rose was to be forced by special request to conduct his composition, "The Stripper," which evidently he never planned to do again if he could avoid it.

Q: Interesting, interesting.

RYAN: So it was mostly summertime fare, light classics and the like.

Q: It's an interesting combination, construction during the day and classical music at night.

RYAN: Yeah, at the Waikiki Shell too.

Q: Wow.

RYAN: We would have Saturday morning rehearsals and then I'd turn around and drive up the Nuuanu Valley and over the Pali, the cliffs of the Koolau going down to Kailua, with the music still in my head. It was absurdly beautiful. Just nuts. Nothing like it.

Q: So now, did you begin to think that you might actually become a full-time musician?

RYAN: No. I turned down the opportunity to stay for the regular season on Honolulu and I wasn't taking lessons in college. You could sign up through the music department for lessons with the SF Symphony musicians, but you had to go to San Francisco an hour's drive away, and it's not like you had easy public transportation. You were out on a farm in the south end of the peninsula.

Q: OK.

RYAN: I did have some support in the sense that the other leading horn player at Stanford was really a superb player. His father was a professional hornist, at one point president of the International Horn Society, and his brother was an LA studio oboist, which is to say probably one of the highest-paid oboists in the United States. I was friends with this family and they helped me with instruments and connections. But although I was plugged in to some of the leading French horn stuff in the United States, I wasn't a professional myself.

Studying Germanic History and Culture at Stanford and in Vienna, Austria

Q: OK. Then as you're proceeding with your academic career in Stanford, history remains your interest?

RYAN: Yes. I had a focus on Germanic culture that complemented the horn playing. The faculty had leading scholars of German history: Gordon Craig, Lewis Spitz, and others. And I also participated in Stanford's overseas study program. I went to the Stanford-in-Austria campus in Vienna, Austria for the first two quarters of my junior year.

About half of the Stanford undergraduates went to these European campuses in that era for six months at some point of their sophomore, junior, or senior years. There were five at the time: Vienna, Stuttgart, some country manor house in England, something in France, and Florence. The campuses housed groups of 90 students who were accompanied by two Stanford faculty members. Local faculty taught language, local culture, and history.

So I lived in Vienna for six months. That was my first time outside the United States.

Q: Fascinating. Ok, so what year was Vienna for you?

FYAN: October 1969 to March 1970, two academic quarters in my junior year. I had taken two or three quarters of German before traveling, but the level of German most of us had was pretty low on arrival. Naturally, we studied more while there and generally got good enough to read literature.

Q: OK. Now, with all that, your focus is still on Europe.

RYAN: Yes, and yet somewhere along the line I had formed a project of doing international development. Probably that was after high school and at Stanford, but I don't really remember exactly when. Vietnam attracted everyone's attention to international affairs and it was a low-income country, so that probably influenced my direction.

Anyway, I took the history department's survey courses on Asian history, on African history, and on Latin American history. These were just one-quarter survey courses, but I also took a couple additional courses on the history of China.

Deciding to study economics and economic development

Q: So you are beginning to get a real feel for foreign cultures, at least in an introductory way. But in terms of actually working in those cultures, were you beginning to form plans about additional international travel or study in those countries?

RYAN: In a general way, yes. At the beginning of my senior year I decided to do a PhD in economics, with a concentration in third-world development. That was a big change

for me. Some of my friends were surprised because they thought I was a music major. Which I was totally not. I don't play piano, I'm not musician, I'm just a horn player.

Q: Right.

RYAN: And I hadn't taken any economics and was deficient in math. One of my problems in high school was that I had the choice between continuing Latin and completing high school math – trigonometry -- because they were scheduled at the same time as one another. So when I took the Latin, I didn't get the math. Four years later at the end of college I knew that if I did economics post-graduate, in addition to probably being good for employment opportunities, it would also allow me to study the math and statistics that I just hadn't been able to fit into my schedule up to that time. I was greatly undertrained in mathematics, but I wasn't averse to it and my aptitude was good.

Q: Oh, alright. That's what I wondered. So where were you thinking of for graduate school?

RYAN: I talked to an economics professor that I happened to know because he had been in Vienna with us for three of those six months. I said, "Oh, I want to do a PhD in economics." He was shocked -- actually, his mouth dropped open -- probably because I took his basic economics course in Vienna and he didn't tab me as someone who was necessarily well adapted to that.

But he helped me get accepted into the programs in Northwestern where he had gotten his degree, and in Berkeley, where he had a contact from Northwestern, and so I chose Berkeley, which I assumed was the better school. There was less financial support from Berkeley so I knew I was going to be relatively poor.

Q: I see. OK. Well, in order to prepare yourself for all of this, did you take any courses before going?

RYAN: As a senior I did take four economics courses and finished the first-year calculus sequence that I had started earlier.

Q: OK. Alright. Now, throughout this time, had you begun to meet people in the field that you could talk to about what it was like? In other words, early mentors of any kind, other than the professor.

RYAN: No, not really. The people that I oriented to would have been in the history department, and they were people whose focus was Germany or the United States. I did make a quick holiday trip to Mexico City and Mazatlán, but I don't think that counts. It was pure tourism.

UC-Berkeley for Economics and International Development: 1971-1977

Q: OK, yeah. Alright, so you're graduating. Did you graduate with honors, or was there any other...?

RYAN: No. I had sort of an idealistic attitude toward this. You learn what you learn. So I didn't actually study for exams and my grades were OK but not especially good. My standardized test scores were better.

Q: Alright. So now when do you arrive at graduate school?

RYAN: Fall of 1971. I graduated from Stanford in June and arrived in Berkeley in September after spending a last summer in Kailua.

Q: Berkeley. Another pretty good school. By now, had you established California residency so that the tuition might have been a bit lower?

RYAN: Yes. I went off the family payroll when I made the transition to Berkeley. Tuition and a bit of living costs were covered by fellowships, initially a "Chancellor's Science Fellowship" that the Economics Department assigned to me.

Q: I see. OK. How did you find the academic work at Berkeley as you began?

RYAN: I formed the impression, which I still hold, that economists are kind of crabby. When you compare them with historians, historians are sort of tweedy and humanistic, but economists are crabby. The society of the economists and their intellectual style wasn't all that attractive, but it was a good education.

Q: Yeah, economics, the dismal science.

RYAN: Do you happen to know what is the most common undergraduate major of people who go into economics? Math.

Q: Math. OK.

RYAN: But the people who are the most successful in economics were often physics majors. If you succeed in physics, your tolerance for really ugly math is very high. That helps for economics.

Q: Right. And at this point economics and the training in economics was moving into more econometrics?

RYAN: Econometrics and applied math. We had professors who were mathematicians, full stop.

Q: So you are moving from basically social sciences into much harder sciences.

RYAN: Yes, from literary stuff to mathematical stuff. I was not well prepared for this, but on the other hand, the focus on development mitigated that in the sense that it wasn't a mathematical field.

A Focus on India

Q: OK. And then as you began, were you assigned to a professor or how did the graduate program work?

RYAN: That worked out in a particular way for me. At the end of my first year I won an NSF graduate fellowship, which is a three-year award that pays all fees and provides enough to live on, which effectively allowed me to travel for my studies (if I could cover the costs of travel). This was the spring of '72 and the idea then was that I would do my concentration courses in the second year, '72-'73, and afterwards be available for some sort of field experience starting in the fall of '73.

And so with that in hand I fished around among the faculty in 1972 to see who I could do field work with in a developing country. I found two hot options. One was Tu Jarvis, who was on his way to Chile to be the Ford Foundation representative.

Q: Interesting.

RYAN: And the other was George Akerlof who planned to go back to India. When he got his degree the first thing he did was to spend a year in India with some people from MIT (Massachusetts Institute of Technology -- both Tu and George were from MIT) who were helping to program the use of the water from the new Bhakra Nangal dam. As of 1972, George was planning to go back to Delhi for another year. I chose India and George, since he was a more senior, tenured professor.

Q: Yeah, yeah, OK.

RYAN: George shared a Nobel Prize in economics 20 years later, and he was already a star professor in 1972. So he became my advisor and the idea was that we would go to India together in '73-'74. Tu Jarvis ended up being in Chile during Pinochet's coup, so I missed that.

Q: Right. Exactly. Now India, at that point was still a non-aligned movement, very centrally directed economy, or to the extent a nation of India's size and chaoticness can be a centrally directed economy. What impressions did you have as you began your work there?

RYAN: Well, you're quite right in what you say. India was still resisting what economists consider good sense.

Q: Right.

RYAN: And in fact, the thesis topic that George supplied me with was very basic economics. It had to do with subsidies and price controls and giving stuff away for free and having the supply systems break down while using up all your tax revenue. The Indian government was quite wedded to it despite years of bad results.

India has produced a lot of very prominent economists but they, by this time, were giving up on the hope of affecting government policy and were leaving and going to Washington or Berkeley or New York or London. It was a discouraging time.

Q: Yeah, I imagine.

RYAN: Ten or fifteen years earlier India had been a big target of development economics: people were going to accomplish big things. Now people were giving up.

Q: Did that give you pause about continuing work in development?

RYAN: No. Being involved was what I wanted and you take what you get. It is kind of interesting that -- this is exaggerating of course -- all economists were development economists in the 1960s. Because, as one of them told me, the U.S. Government was budgeting so much for it that "you had to caulk the windows to keep the money from flowing in."

Q: Wow, that's interesting.

RYAN: Exactly. The disillusionment was so great that by the early '70s economists were flowing out of the field.

Q: Right, right.

RYAN: One thing I discovered early was that development economics never really got 100% acceptance within economics departments. For the second year, when I was going to take courses in specific concentrations, George told me not to take the development economics concentration. For two reasons. First, it wasn't real economics so I should take more basic subjects. And then secondly, he said he knew for sure it was going to be poorly taught because he was going to teach it. :-) He's known to be self-deprecating; it was not development economics that made him a star.

Q: I see.

RYAN: There are a handful of places that really support development economics. But by and large, it sort of lives on sufferance in economics departments.

Q: Interesting. Now, OK.

RYAN: Recently travel has become much easier and evaluation of public service programs in developing countries has become a well-accepted professional activity. But before this recent period, development economics was either growth theory, which is a pure math ...

Q: Right.

RYAN: ... or then it quickly got into the details of actual situations, which is not interesting to economists.

Q: Interesting. Now, it's a two-year program at Berkeley?

RYAN: No, I was in a PhD program, which is usually a four-year program. Berkeley's economics department doesn't accept students who intend to take a terminal master's.

Q: OK.

First professional travel to a developing country: India, 1974

RYAN: And so in my second year I did audit the development economics courses that George and Bent Hansen taught. And I took concentrations in macroeconomics and econometrics. Plus I started studying Hindi and Urdu. I started my Hindi courses with a teacher who years later produced what became the standard textbook for Hindi. Her name is Usha Jain. And then sometime later I started Urdu with Moazzam Siddiqui, who also went on to a successful university career. And so I was doing that coursework more or less for the rest of the time I was at Berkeley.

And then I did go to India. By then George had changed his mind. He left the development stuff behind and ended up going to the Council of Economic Advisors in Washington DC instead. But George did provide funding for the flights from one of his grants, so I went in April 1974, in my third year in Berkeley. But without George there, and with the limited interest of the people he introduced me to and that I was affiliated with, the support in Delhi was really quite inadequate. And so the visit ended up lasting only three months. I did get some materials and I got some work done, but it was quite difficult. Physically difficult. That was disillusioning.

Q: I see. OK.

RYAN: On my return, I thought about changing the thesis topic, partly because of how badly the trip had gone. But I ended up going back to it because the other topic I discussed with people for a while (India's monetary institutions) didn't generate interest.

George's topic, because of its practicality, ended up being a very good choice. I think George and other economists, when they get involved in development and start getting practical, can make very real contributions. It's just that those contributions use the basics of economics and they're not esoteric. So it's not academically interesting.

Q: I see. So throughout this period in graduate school as you are approaching the PhD, are you also looking at USAID (United States Agency for International Development)? Had you begun to become aware of it?

RYAN: No. However, George did get me a summer job at the World Bank in 1975. So I drove across the country and back that summer. Unfortunately that was not a good experience either.

The person that I was assigned to at the Bank had himself been assigned a task that he was completely uninterested in -- econometrically specifying and estimating a world energy model. Remember, this was after the first energy crisis, and the World Bank is not all development, it's also global economics. But my supervisor wasn't interested in that so he dumped it on me even though I had no background for it either. Then he left me alone while he worked on a paper on crop sharing theory. That subject matter would have been more interesting to me, but he didn't involve me in it. (Actually, he did ask me for help on a differential equation that he was struggling with, and with a suggestion from Clive Bell I did solve it for him.)

Anyway, instead of getting involved with a society of developmentalists at the Bank, I was working in isolation on something that was not very close to my main interest. I made at best modest progress on the energy model and the estimation by the time I had to return to Berkeley. Neither my supervisor nor I was very satisfied.

Q: I see. OK.

RYAN: If you had asked me about USAID, I'm not sure I could have told you what it was.

Q: OK. Did you go back to India at any other point to do other research?

RYAN: Not until after finishing my degree. For my last two years at Berkeley, I was a teaching assistant, making slow progress finishing my dissertation. It was not a theoretically interesting work, but as it turns out, in practical terms, it was very interesting. Not that the dissertation's specific application in India, but the principles and how they work out in practice. It's what ended up getting me hired at USAID.

Q: Oh. Wow. Alright. So what was it?

RYAN: It was on India's price controls on a number of important things like fertilizer, irrigation water, steel, etc., and their impact in terms of public finances and industrial performance.

India as a Fulbright Lecturer: 1977-1978

Q: OK. So where is it that you do become aware of USAID? Or form an interest in working there?

RYAN: It took a couple more years to connect with USAID because the first thing I did was to look for academic jobs. Also, I had an interview with the World Bank in Washington for the Young Professionals program but didn't get that, probably because of the summer experience in '75.

However, George put me onto the opportunity for a Fulbright lectureship in India, so for my first year after my degree, in other words the academic year 1977-1978, I was a professor of economics at St. Columba's College in Hazaribagh in the state of Bihar, the state just west of Bengal. (Bihar has since been divided so that Hazaribagh now finds itself in a state called Jharkhand.)

The opportunity arose because some Indians who had Berkeley backgrounds were looking for a Berkeley person and they matched me up with that. I taught economics and math. They're English language subjects in India (unlike history, for example, which is a Hindi-language subject), but occasionally the students would have me conduct class in Hindi, for their amusement.

So I'm living in southern Bihar. I made visits to Calcutta and some of the other cities in the region and we had Fulbright conferences in Delhi and in Simla, which is a hill station north of Delhi. And although I wasn't teaching development per se, I had the opportunity to get involved with an Indian government program called the Small Farmer Development Program, as it operated in the vicinity of Hazaribagh. So it was definitely a beneficial assignment from that point of view.

Q: OK. Now the experience of living in India in that time, obviously it's very profound poverty. How did that affect you?

RYAN: It was what one expected. Of course, I'd lived in India for three months in 1974, although southern Bihar was much poorer than Delhi. By then I was reading Hindi and Urdu literature that portrayed poor families and gave me an idea of how the society perceived it. But I shouldn't downplay it: there was extreme poverty, and I still carry specific images with me.

Q: OK. And so where does the career take you from here?

Northwestern and Loyola, 1978-81

RYAN: At that point I was still in the market for academic jobs. In February of that year, '78, I made a trip back to the U.S. to interview, unsuccessfully unfortunately, at Yale, Boston University, and Santa Clara back in California. That was an adventuresome trip in terms of just the logistics of getting from Hazaribagh to Delhi and on across the U.S.

Q: You know, I have to just say here, I'm kind of surprised that you're having trouble finding an academic job, given the fact that, OK, you've completed your PhD and not only that, you had now a year teaching in a foreign culture. You also speak two foreign languages in areas of your specific area of interest, development. I mean, having both Hindi and Urdu, you're talking about over a billion people needing development assistance. I'm kind of surprised.

RYAN: Well, academic economists don't do development assistance. It doesn't interest them. And I hadn't published anything.

Q: Well, alright. OK.

RYAN: As I said in the beginning, economics was a continuation of my education rather than a purely professional choice. Anyway, when I came back to the States at the end of the Indian academic year in '78, I did get a couple job offers. Northwestern offered me a one-year visiting assistant professorship and I think I was about to get an offer from Hamilton College. I felt that I should take the Northwestern job because it was a famous research university.

Northwestern was looking for a senior scholar of economic development and they had a junior person who was going on leave, so they needed a bridge for a year. So late that summer I moved to Evanston, Illinois, to take up my one-year job in the economics department at Northwestern.

Q: Alright.

RYAN: They didn't really have active development studies but what was really interesting to me was that they had an excellent economic history seminar.

Q: Oh. OK.

RYAN: And so those are the people I mainly connected with. The famous professor at the time was J.R.T. Hughes. Joel Mokyr who was not as senior at that time would become very well known. And from the Loyola University of Chicago there was Lou Cain, a Northwestern PhD who was still part of the economic history seminar. Those three were my main contacts. I started working on a paper on India's monetary history titled "How the Silver Standard Worked," which I submitted once (unsuccessfully) and did not get to the point of publication before the next change in my career, which is USAID.

The Transition to USAID: 1979-1982

Q: Alright. So the one-year in Northwestern, then how did you become aware of, or what made you seek out USAID?

RYAN: Well actually, after that year, thanks to my connection with Lou Cain, I did get a tenure track job at Loyola University in Chicago. I continued living in Evanston and took the L (the elevated commuter train) to the economics department in the business school, which was near downtown in Chicago's Water Tower neighborhood.

Q: Right.

RYAN: By this time, having sampled academics from these different angles, it was pretty clear that it wasn't my thing. I wasn't succeeding, and they weren't interested in what I was interested in. So I called up Tu Jarvis back in Berkeley, and said, "You know, I should be looking at something else." He had been on my dissertation committee even though I did not go to Chile with him.

Tu said, "Well, you know, Judith Tendler has just had a good experience of a year or so at USAID. You should talk to her. Maybe that would be something you'd like." Ms. Tendler put me in touch with a USAID economist named Emmy Simmons in the Agency's policy bureau. She and her husband Roger both became Agency executives as time rolled along. And Emmy, when I contacted her, was at that time searching for an expert to write the Agency's policy on subsidies, exactly my dissertation subject.

Q: Oh, wow.

RYAN: Yes! And so she proposed taking me on under an IPA, which is an Intergovernmental Personnel Agreement. I think it was originally designed to exchange personnel between USG agencies, but USAID principally used it in those years to borrow professors from universities.

Q: This is one of the examples of how creative bureaucracy works. Fascinating.

RYAN: Right. The wrinkle, however, was that my contact with Emmy and USAID was made in 1979-80, my first year at Loyola. The idea was that I was going to be invited to USAID, or A.I.D. as it still was, for the fall of 1980, after the end of the academic year. But since I'd only been at Loyola for one year, I didn't qualify for leave yet.

Q: I see.

RYAN: I did go to A.I.D. in January 1981, gave an interview and a seminar. I talked mostly about the Small Farmers Development Agency that I had observed when I was in Hazaribagh. And so the offer was renewed and I did get leave for the academic year, 1981-82. I'm sure Lou Cain and our department chair, David Mirza, went to bat for me.

That's how it is that in the late summer, August 1981, I went from Evanston to Washington DC, to work in USAID's policy office, PPC (the Bureau for Policy and Program Coordination), under an IPA for 12 months. I remained a Loyola employee so Loyola had to agree to this, but they did. While I was in Washington, I was compensated

according to USAID's pay scale, but by Loyola, and Loyola was reimbursed by USAID quarterly, with overhead.

Q: Oh, fascinating.

RYAN: So the arrangement was that after 12 months my leave from Loyola and my IPA with USAID would be over, and I would go back to being a Loyola professor. But being in Washington and working with the developmentalists there in USAID's policy office was clearly where I belonged. I liked Washington better than Chicago as far as that goes. And the pay was better!

So towards the end of the 12 months I asked what the chances were for an appointment, and they said, "Yes, but it will have to be Foreign Service, that's what we have available."

Q: Right.

RYAN: Which I had never thought of. I knew nothing about the Foreign Service. But I was single and I thought, "Well, whatever." And so I signed some papers at my desk in July 1982, and became a Foreign Service Officer.

I did not go through any entry program or any entry training or anything like that. It was a mid-level entry as an FS-3 (Foreign Service level 3). My initial assignment was to keep working at the same job I had been doing under the IPA.

Q: OK. This is a perfect place to pause. ...

USAID/Washington's Policy Bureau, PPC

Q: OK, so today is June 14, 2017, and we're resuming with Joe Ryan as he has embarked on his career in USAID. OK, so your entry into USAID is interesting. It's a little bit different from the way most people enter USAID, but it happened. There were personnel regulations for that. Let's talk about your time in PPC in Washington.

RYAN: Sure. It was Emmy Simmons who had been responsible for recruiting me, and I went to the office where she worked, the Rural Development Division of the Policy Development and Program Review office (PDPR/RD), within the policy bureau, PPC. The chief was a senior agriculturalist named Doug Caton. I liked my colleagues a lot: in addition to Emmy, there were Joan Atherton, an anthropologist, Don McClelland, a well-known expert on PL-480 (Public Law 480, "Food for Peace"), Ed Lijeske, and economists including Jerry Wolgin and Jim Mudge. As I recall, Jerry and Jim may have switched jobs between the Africa Bureau and PPC.

Q: And what year was this?

RYAN: I arrived as an IPA in August 1981, and I left for French training in February 1984.

The chief of the PDPR office was a well-known USAID economist named John Erickson. There were a couple deputies over that period, Dick Archi and then Paul O'Farrell. Paul was a USAID economist that I worked with afterwards in different contexts. His wife Vivikka Molldrem also became a USAID executive. And of course the head of PPC at that time, since there had been a change of administration, was a guy named John Bolton. What happened to him afterwards, I wonder?

Q: Yeah, certainly very well known.

RYAN: Yes. And there were people in the Africa Bureau, like Don Brown and Gloria Steele, who I remember from those years. Gloria had come to Washington via marriage and later became USAID's mission director in her native Philippines.

One other personality to mention was Jim Norris, who at that moment headed the South Asia Office in the Asia Bureau. He was a senior guy who had already had a substantial career as an AID economist. Almost immediately after I became Foreign Service in July 1982, he asked me if I would be interested in the Program Economist job in Bangladesh where he was headed as Mission Director. At that point I said no, with regret, because I had just made a big transition and was looking forward to being in Washington DC for a while. I wasn't quite ready to leave.

Q: I understand.

Agency Policy on Pricing and Subsidies

RYAN: So anyway, the principal reason I was there as an IPA was to draft the Agency policy paper on subsidies, which Emmy and the office had been planning for a couple years.

The topic was basic, consensus economics, and I subsequently have noticed that in writing the policy I was making points that are present in the applied AID literature going back to 1950. Apparently, every generation needs to relearn things for itself.

Q: Yeah.

RYAN: I completed the draft with John Bolton's occasional review. The new administration had decided to establish its aid policy through a series of policy papers, and this became one of them. I sat down with John on it a couple times. He liked my drafts substantively, so naturally he impressed me as being extremely intelligent. Anyway, he didn't feel the need for substantial criticism or comment. PDPR's deputy, Dick Archi, also highly praised the work that I did on this, so it was a happy project. The agency review, however, was quite contentious.

Q: Ah.

RYAN: The issue and the idea of the policy predated the election, but with a new administration whose point of view was vastly different in some ways from the departing administration, the “subsidies” policy got a bit swept up in the sense of controversy.

There was also a general concern that AID’s projects would be hard to implement if they couldn’t give stuff away. This wasn’t really the point of the paper, though. The policy is that if you do not have a working supply system for that stuff, it doesn’t matter if producers have learned to use it and want to buy it, they’ll just be out of luck. If you subvert that supply system through forcing it to give its stuff away or parastatalizing it, then it ends up being dependent on non-existent fiscal support, making it a non-functioning system.

Q: Right.

RYAN: So, clarifying how one would work in a project context, versus the economy’s industrial and economic policy, was a conversation.

During the review it was decided to limit the scope of the paper to food and agriculture to try to reduce the range of arguments. So in the end it became titled, “Pricing, Subsidies and Related Policies in Food and Agriculture.”

The term “pricing” is what I added because most of the time the real issue was administrative price control on the supplying industries. People at AID, however, spoke of the issue as subsidies, but it wasn’t.

A subsidy is a fiscal transfer. If only there was fiscal support! But what happens is that the government imposes price control with the promise of a fiscal subsidy, and then fails to provide it, so the supply dries up. The new fertilizer that you’ve convinced everybody they want is no longer available, the supply chain is not sustainable.

Q: Right.

RYAN: That has happened not just relative to fertilizers but with more things than you can name.

When we had a draft that PPC supported, an Agency senior staff review was held. A/AID McPherson chaired it and I think the policy paper was the main thing on the agenda. AA/PPC Bolton was traveling so his deputy, Fred Schieck, represented PPC along with me. The head of the Science and Technology Bureau, Niles Brady, and the head of the Asia Bureau, Charlie Greenleaf, well respected people, had no objections.

But the head of Africa Bureau did. He was Frank Ruddy. Does that name ring a bell with you at all?

Q: I'm afraid not, no.

RYAN: If I recall right, he was an attorney from New Jersey who had come to AID as a political appointee and had made a name for himself by opposing family planning. So he was not a development professional per se and on many things depended on staff.

During the senior staff meeting on this policy paper he read out loud a written comment from the chief economist at that time in the Africa Bureau who said that the policy paper draft "should be wadded up and shoved back in the face of the drafter." So he reads that out loud at the meeting and holds his hands up like, "With advice like that what can I do?"

I did get a brief chance to speak at the meeting, so I made the point that the policy paper was about the government's pricing policy for industry. It shouldn't affect project implementation, and on the contrary would help make the industry sustainable after the project hopefully succeeded. That appeared to allay concerns.

Anyway A/AID McPherson approved the paper and it was published. It remained in the Agency's policy handbook, and ultimately on our website, for 20-plus years afterwards. So that was a successful piece of work.

The policy paper is dated November 1982, and the review meeting was around then. By then I had already switched from being an IPA to the Foreign Service.

Project Concept Reviews

In addition to being responsible for that policy initiative, I was a regular staff member in the Rural Development Division of PDPR, supporting RD in its normal work through the year when I was an IPA and then through another year and a half as an FSO.

As PPC staff, one of our main roles was to review the field missions' project concepts. In that era, the missions' concept papers, which were called Project Identification Documents, PIDs, all came to Washington for review.

Q: Ah, OK.

RYAN: The final project design was documented in what was called a Project Paper, or a PP, and if there were substantial concerns at the PID level, the PP might have to come to Washington for review also, but typically they didn't. And in fact, I thought most of the concepts we reviewed were well done.

In that era, and probably thanks to the oversight in Washington, there was very careful design and the project documentation could be voluminous. Also, many projects were production activities where AID was responsible for making physical processes work, which required extensive up-front design.

Design precepts changed subsequently when the assistance objectives were more often institution building and policy reform. For that assistance, you could identify objectives but couldn't design implementation as if it were a mechanical process.

Q: Now let me just ask you here, the project designs you are talking about are written and developed in the field based on what field officers see, and then they send that back to Washington for approval. Am I getting that right?

RYAN: Exactly right. Basically, Washington doesn't conceive or design projects. On the other hand, Washington, and often Congress, is the locus for approving major financial packages, as opposed to projects. The idea that you're going to give \$500 million to Egypt to balance the \$500 million for Israel, that isn't something that is dreamed up by AID project officers. Development projects, on the other hand, are done in the field, not in Washington.

Q: OK.

RYAN: In the last 15 years of my Foreign Service life, however, there was no Washington review of individual projects.

Q: Oh. Interesting.

RYAN: The people in Washington could have contributed well, but it wasn't the policy anymore, and really, there weren't enough staff in Washington.

But we were better staffed when I was in PPC, so a Project Identification Document would come to town, the regional bureau would organize the review and send the document around, and PPC would participate to see if there were any problems from a policy point of view.

Typically, the recollection I have is that concepts were solid. They were discussed to some extent just to learn from them, as a way of transmitting information between the field and Washington, but Washington didn't really need to take any action on most PIDs aside from approving them. I recall, for example, a really good presentation by George Carner, the program officer from USAID/Philippines who travelled to Washington for one of these reviews and was later Mission Director when I was in Nicaragua.

Starting to Engage in Africa

Now there was an exception and that was the Africa Bureau. Africa Bureau missions were clearly struggling with more difficult environments and their project ideas and designs reflected it. They were kind of coming up with, I guess the word we use these days is, kludges. They were struggling to try to make project assistance work in environments where getting things to work was not nearly so much in the realm of the possible as it was in the Philippines.

Q: OK.

RYAN: So those proposals tended to have some strained logic, and sometimes they proposed to do things that Washington, in the end, wasn't willing to accept. In a couple cases my involvement in the reviews led to being invited to participate in finding a better solution.

I had forgotten until I looked back at my old AERs, Annual Employee Reviews, that the mission in Upper Volta, now Burkina Faso, requested that I work from Washington on an agricultural project design. And so I did that from my desk, interacting with people in the Africa Bureau.

My bigger involvement was in Niger. My criticisms basically torpedoed a proposal that came in from the mission. You could see people's heads sinking at the review meeting as they looked at the issues I brought up. The Mission Director, Irv Rosenthal, was in Washington for the review and was impressed by my points, so he said, "OK, it's broken, now you come and help fix it," inviting me for a four-week TDY (temporary duty) in Niamey in August, 1982, to work with the Ag Officer, Ray Waldron, to redo the project concept.

Q: So wait, so now you're going out to Niger to get a little bit of ground truth.

RYAN: Well, not only that, but to work along with Ray Waldron in the mission as if I were a mission member for those four weeks on a design activity. So it was still a mission design. Ray was in charge of it and Irv had to approve it and send it back to Washington. But they figured, rather than shooting blind, let's have the critic come to post and we'll work things out.

So that's what I did, including a second four-week TDY in Niamey a year later in August 1983. Part of the new concept was to give producers in Niger more access to markets in northern Nigeria. In the end we got approval for an agriculture sector program. So that was nice.

It was particularly interesting that the USAID/Niger mission was co-located with the other USG agencies in the Chancery building, which was unusual in that era. Irv was in an office suite with the ambassador, something USAID mission directors evidently tried to avoid if they could. The ambassador at the time was a mining executive, a political appointee. There's uranium in Niger, you know.

Q: Oh, yes, sure.

RYAN: The culture clash ended up with the Ambassador ordering Irv to leave post early.

Anyway, TDYs were part of the job in PPC. My first travel with the agency took place while I was still on the IPA. I attended an agricultural conference at a university in Ibadan, Nigeria. My memories of that trip are mostly personal: eating unknown roadside

food while traffic was stopped on the highway between Lagos and Ibadan, a bat flying around in my dormitory room at the university.

The last major traveling assignment I had with PPC was four weeks with a team in Bangladesh on a study for PPC's evaluation office, in November and December of 1983. It was a study of agricultural services -- services supportive of farming. The Bangladesh study was one element of a multi-country review with different study teams visiting different countries.

The Role of Economics in the 1980s

Another aspect of PPC's policy function was research. Funding was potentially available to hire people to look into issues that could clarify Agency policy, and it was up to PPC staff to identify opportunities and make the case for them.

Q: OK.

RYAN. And so I proposed and got funded a modest research effort on how USAID's work had affected fertilizer supply systems. The contracting office got us a qualified external team led by a smart guy with a legal background. It was interesting to work with him. The economic precepts were a bit new to him, but he learned quickly and ran with it.

The research demonstrated that in East Africa some USAID projects that force-fed fertilizer into farming systems had actually killed the commercial viability of the fertilizer distribution system.

Q: Wow.

RYAN: Which meant that distribution at that point could only be done by parastatals dependent on the government's budgeting. The moral of this story was an application of the pricing policy: you have to think about the supply system as well as the farmers.

PPC sent a one-page summary of this to Peter McPherson, the AID administrator, who sent it back with an appreciative marginal note. I've read since then that McPherson liked to do that. He engaged with the professional staff on policy issues. I never talked to him about it, but it's clear he got the message. That was nice.

So that's a picture of what life was like in those two and a half years in PPC. I guess that probably the main thing I would leave with you is that, in that era, there was a different relationship between Washington and field missions than we had later.

Q: Yes. The key thing about that entire era, the early '80s, in terms of what would be helpful for you to describe is, exactly that: how USAID interacted with the field and what was the basic approach to developing mission plans or project plans that then changed over time.

RYAN: Yes, as illustrated by the example in Niger. There's definitely an overhead cost to it. And of course, those were days when you didn't have e-mail or anything like that.

Q: Yes, of course.

RYAN: Cables were still typed in an OCR (Optical Character Recognition) font and then fed into readers that would reject them out if they weren't precisely positioned on the page, so communicating via State Department cable system was a major pain. And even that was an advance over what they had before: airgrams that went through the pouch. So I think there might have been some reason for field missions to be more independent then, but in fact, even though they were independent in terms of initiative, the engagement with Washington was closer on program matters.

Q: OK. Good.

RYAN: The other thing is that I didn't talk about the politics of the Reagan administration, but they did emphasize economic policy. Which wasn't new stuff -- like I say, it was conventional, consensus economics for the most part. But it was an era where a lot of developing countries were in financial straits because they had borrowed a lot of money to maintain their oil imports in the '70s. And so they needed to make changes to be more sustainable in their international dealings. That went by the name of structural adjustment.

Q: OK. Now then, in that case do you want to describe briefly what the general Reagan administration's approach was to achieving that structural adjustment?

RYAN: Well, it was really less of a Reagan administration innovation than it was the IMF (International Monetary Fund) and the World Bank, working with countries around the world that had fallen into OPEC-fueled balance of payment crises. To start with, keep them liquid to prevent panic and keep normal banking going for day-by-day commerce, and then reform policies that were exaggerating import demand and suppressing export performance, in order to make international payments more sustainable without emergency support.

Q: OK.

RYAN: So it was a very professionally driven engagement, using basic, consensus economics, not ideology. But I do think that, for the Reagan administration, solving that kind of problem was more congenial, in the sense that it was economics, than it would have been for the Carter administration. The idea of adjusting national government economic policies to make the private sector in those countries economize on imports and take advantage of global markets for exports, paying more attention to the price signals, was a naturally congenial idea for the Reagan administration.

Q: OK.

RYAN: Some people would resist that and react to the balance of payments crisis by doubling down on controls. Remember, there was a time when people, both in low-income economies and in developed economies, naturally assumed that the developing world would never be able to export manufactures. We find that laughable now, of course.

But controls were not the IMF and World Bank approach, and their approach was much more congenial to the Reagan administration.

Q: OK.

RYAN: On the other hand, the Reagan administration also wanted bilateral assistance to work more directly with private, commercial enterprises.

Q: Right. Sure.

RYAN: But that's not that easy with public funds. The World Bank has the IFC (International Finance Corporation), but that's commercially funded by borrowing from the market. USAID didn't then and doesn't now have the same kind of facility.

Some administrations have pushed it nonetheless, but from what I observed, USAID's direct engagement targeting underserved capital markets via loan guarantees and leveraging investment funds has not been the critical input needed. USAID's support for improving the enabling environment for commercial and financial sector development targeted the more important thing.

Some of that work is policy and the other part is implementation. Good tariff policy is part A, and how to run a customs administration is part B.

Q: OK.

RYAN: For institutionalization of good policy implementation and public administration in general (part B of the policy program), you can do a lot of technical assistance. It's the grunt work of policy reform.

Q: Right. To what extent did you become involved in that kind of detail, if any?

RYAN: Well, in the 32 years I was working with USAID, the first half were weighted more heavily in analysis, strategy, and establishing policy. By the mid '90s, what had been contentious in 1981-'82 had become a common-sense consensus.

Q: OK. And now, when you say contentious, was part of that also the general attitudes and opposition from the countries themselves? That were still laboring under the view of dependencia, and the lingering effects of colonialism and so on?

RYAN: Yes. But their attitudes were not unheard of in the States either. The U.S. is a very big, diverse place with people with all kinds of points of view. And India is an even bigger and equally diverse place. You've got different attitudes represented there and in any developing country. So in any country there are some people in one intellectual camp and some in the others.

You have to remember that the development era followed the Second World War and the Great Depression of the 1930s, where the western economies had imposed a lot of controls.

Q: OK.

RYAN: And then also with the industrialization performance of the Soviet Union, there was a presumption in the late '40s and early '50s that national governments needed to plan economic development. And planning meant down to industry-level targets, which meant making sure that certain industries had access to imports. If that meant cutting off import supplies to other industries, well, it was the planners' task to decide things like that. It wasn't using price signals. India used a big linear model developed by its statistician, Prof. Mahalanobis. Sort of a USSR look-alike.

Q: Right.

RYAN: This is a bit of an extreme case, because India is more scientifically capable than some places. But India was relevant to me because that's the country I initially worked on, and in general around the world through the 1960s the idea was being pursued that quantitative decisions could be made at a policy level ("fine tuning"), as opposed to leaving that to the economy itself and instead supporting an enabling environment through providing good public & economic services and even-handed treatment of the citizens and firms.

The control ideology also affected how relations with neighboring countries and the rest of the globe were thought of. Decolonialization was part of that. The result was that barriers went up and old relationships were broken. There was less integration of the world economy.

So there has been a long transition that was needed in part because of the initial conditions of the early development era. The first half of my career, including USAID, fell during that transition, which was contentious. Structural adjustment was either going to feed the world or was a dirty word.

Q: Yes.

RYAN: But by the early '90s you had the Asian Tigers, the Washington Consensus, the "Great Moderation" (the long period of globally low inflation rates), the post-USSR transition, the conversion of China, and then even of India. Import substitution had really

lost most of its intellectual support by the middle '60s and people were moving away from it, given the example of the Asian Tigers.

So by the second half of my career we were in full implementation mode -- supporting the putting in place and management of the systems that conformed to basic consensus economics.

In the context of the Reagan administration and global situation of the early 1980s, it was propitious to be an economist, and my sense was that USAID was led by economists at the time. That was where the prestige was.

Q: Interesting.

RYAN: Not so much academic economists, but applied economists. A.I.D. had had prominent academic economists in the 1960s, but that changed. I mentioned to you that the 1960s was the high water mark of U.S. Government financing of development economics in academia. By the 1980s, however, it was clear that economic development as a sub-field of academic economics had not taken off. The applied stuff on the other hand, the kind of things that George Akerlof started me on, was highly appreciated.

Kinshasa: 1984-1988

The Transition to Zaïre

French Training and Marriage

Q: OK, great. Now, in your first few years you're assisting in the planning of projects, making sure that they're consistent with the local conditions and consistent with Washington policy. Now, what is the next big move for you from there, how does that happen?

RYAN: As a Foreign Service Officer, PPC was just a Washington rotation and I was going to be assigned to a field mission sooner or later. Two things influenced me in the kind of assignment I was looking for. First, I was interested in learning French. And second, I had noticed that the Africa Bureau missions were the ones that were confronting all these interesting problems.

Q: Yeah, OK.

RYAN: So I looked at the bidding list in the fall of '83 for a Francophone Africa economist posting for the following year. And the only post that had an economist position on offer for the cycle that was coming up was Zaïre. Kinshasa. And in that era, and still now I guess, bidding on Zaïre sort of equals getting Zaïre.

Q: OK.

RYAN: So that's what happened. And then I went into French training.

Actually there's an interesting story about my language training. When I first became Foreign Service a year and a half before that, I wasn't part of an entry program. I came in laterally, mid-level. USAID did have a new-entry program at that time, I forget what it was called, and there was a training regime for people who came in under that. I just wasn't part of it.

But even so I did get a phone call from Human Resources one day shortly after I signed my Foreign Service papers and the voice said, "Congratulations on your Foreign Service appointment." And I said, "Thank you, I'm very happy about it." So she says to me, "Now as a Foreign Service Officer you have to qualify in a foreign language. So we're assigning you to language training. Which language do you want?"

I was kind of taken aback because that wasn't the plan in PPC and nobody had said anything about that to me. But I said, "Well, OK, that's great, I look forward to language training. The thing is that I'm assigned to remain here in PPC for a couple years, and I don't know yet what my foreign posting will be. So it's too soon to pick a language and to get training." But she says to me, "No, you're in the Foreign Service. You have to qualify in a language. So we're assigning you to language training now. Which language do you want?"

I have no idea what would have happened if I had said Bulgarian. I supposed it would have had to be an AID useful language.

Q: Right, right. I imagine she meant world languages.

RYAN: After a while I figured out that I wasn't going to be able to argue this point. But I'd been around long enough to know what to do next. I said, "OK, you're right, I agree. Let me consult with my supervisor." That did the trick. "Oh yeah, you do that and then you call us back."

What actually happened was that I signed up for tests in Hindi and in Urdu. After a quick review at home I got an S2-R2 in Hindi in August, the month after my FS appointment, and an S2-R1 in Urdu. Anyway, a 2-2 in Hindi was adequate for the Foreign Service tenure requirement.

Q: To get off language probation.

RYAN: Yup. So in other words I tested out of the language requirement without needing language training at that time. Speaking-2 scores in two languages was also good for a 3-step merit pay increase, which was nice.

Q: OK.

RYAN: Anyway, when I was assigned to Kinshasa, I was assigned to French language training at FSI. The Foreign Service Institute, School of Language Studies, the French Section. That was in February 1984.

The French section had so many students -- because FSI services all the Foreign Affairs agencies and the military, and what have you, including the Marines going out for the Security Guard detachments -- that they sorted their students into classes of four to six by giving us the MLAT (the Modern Language Aptitude Test) and grouping us by our scores.

Q: That is very interesting you mention that, and I'm glad you did. Do you recall your MLAT score?

RYAN: Yes, I had a high score -- 76.

Q: Yeah, you're right, that is quite high. By contrast my score was 61, and I was very disappointed but what can I say? So your score is so high you could have asked for Arabic or Russian or even Chinese language training based on that score.

RYAN: It was during language training, and this is when FSI was still in Rosslyn, that I met Paulette. She was originally a French national but had become an American citizen years before then and had been teaching for 13 or 14 years in the French Section.

According to Paulette, by the way, 61 is also a high score! It should have qualified you for training in a "hard" language if needed for an assignment.

Anyway, when I met her, Paulette had recently risen out of the classroom to become a "coordinator of language instruction." A very sought-after, competitive step, getting out of the classroom. And so she did things like creating activities, which they called "bridges" for some reason, where students play roles speaking in French, in scenarios that mimic what a Foreign Service Officer might have to do.

Q: Right.

RYAN: The coordinators also observed the progress of the students, visiting the classes and giving students quick tests to benchmark their progress. So that's how I met Paulette. We started dating and decided to marry. The marriage took place in July and we took off for Kinshasa in August. It was a fairly whirlwind thing given that we were shipping out before long.

I should say that Paulette was born and raised in Saigon.

Q: Oh, interesting.

RYAN: She had married an American there who had arrived first with the U.S. military but came back as a USAID contractor. (USAID was apparently still called "USOM" in those days, a term from the 1950s.)

They had a son in Saigon, and then in 1968 after the Tet Offensive, they went to the States. The marriage went downhill a few years later, they divorced, she became an American citizen, and so all that was far behind her when we met. Except of course that she did have her son, who as we married was just graduating from high school. He accompanied us to Kinshasa as a gap year.

Q: Oh wow, OK.

RYAN: My point about bringing up Paulette's background was that moving to a place like Kinshasa was something she could contemplate with ease. Obviously, she would be happy to speak French, and she also had experience, from 1968, living in a city with artillery shells landing and street-to-street fighting going on.

Also, Paulette had been interested in the U.S. Foreign Service. It's one of the few professions that you can get into without a university degree. Paulette had done the full-on *baccalaureat* in Saigon, which seems equivalent to a year or two of post-secondary education in U.S. terms, but what with the disruptions she had never been to university. She passed the Foreign Service written exam something like four times (in her second language, mind), including once while we were overseas, but was never selected.

So you can see that she was all ready for Foreign Service life with USAID.

Leaving the States Behind

For me, what I left behind was mainly my music.

Q: Of course, right. The French horn.

RYAN: Yes. That had continued to be important to me. Actually, I had let it drop for a while. My lip was pretty exhausted at the end of my senior year at Stanford from all the playing I had done. It's also pretty stressful being the first horn in a symphony orchestra - - you're in the spotlight an awful lot. Also, I figured that I had a lot of work to do to catch up with the preparation I should have had for economics. So I set the horn aside while I was in Berkeley and of course in India.

But when I settled in Evanston I picked up the horn again in the spring of 1979. Chicago is -- probably people don't know this -- one of the great centers of the horn-playing universe. I got lessons from Ethel Merker, one of the leading lights in the post-war horn community. In later years, a major U.S. horn manufacturer named one of their horn models, which she helped design, after her. By coincidence, she was just back from a year as a visiting professor at Indiana University's music school in Bloomington (where I am now).

To preview a little further one of the reasons that Paulette and I ended up choosing to retire from the Foreign Service here in Bloomington, I'll mention that at one point Ethel

introduced me to the Chicago Symphony Orchestra's principal horn, Dale Clevenger, who is here at IU now. (It was from him that I learned not long ago that Ethel had passed away.)

Also, the community orchestra that I played with in Evanston rehearsed for one stretch of time in the old house of Philip Farkas, who was perhaps the best-known U.S. horn player of his era. Farkas had walked away from Chicago's first chair in 1961 at age 46 -- I did say the first seat in the horn section is stressful, right? -- to become a professor at IU.

Ethel was supportive. By the time I was getting ready to leave for Washington she suggested that I might stay -- "Why don't you join us?" she said. It's not clear what that would have meant, exactly. But as in the case of the offer to play a regular season with the Honolulu Symphony, I didn't seriously consider the idea and I headed off to Washington as a development economist.

In Washington, I joined two community orchestras, the DC Community Orchestra and the McLean Symphony (the amateur group, not the McLean Orchestra), and I was in a woodwind quintet with some of the other orchestra members. The quintet occasionally got paying jobs like at weddings, and I think it was the Parks Department that had us play an event on the Mall. The other four members performed at Paulette's and my wedding, and they were terrific!

This catching up about my horn playing is relevant to my Foreign Service career in the sense that I was looking for ways to play throughout all the years overseas and I frequently had my horn with me on TDYs and home leaves. It was a constant in the background, and occasionally in the foreground, as in Nicaragua and in Pakistan, which I'll mention when I come to it.

Besides music, there were other things I was doing in Washington. I played volleyball for the State Department team in a league with various embassies' teams. There were exciting showdowns with the USSR Embassy team and a social life to go with it, along with the community of French instructors that was Paulette's circle.

Finally, though, it was time to go to post. While I was getting checked out at the State Department medical unit for the Zaïre assignment, by coincidence it turned out the other fellow in the room was also assigned to Kinshasa.

Q: Oh, interesting.

RYAN: Yeah. He said, "What job are you going to?" and I said, "Well, I'm going to USAID to be the economist." So then I asked, "So what job are you going to?" And he said, "Well, I going to be the ambassador." This was Brandon Grove. He became the head of FSI later on, he's pretty well known.

Q: Yeah. In fact they have just named the atrium in FSI after him.

RYAN: On the way to Kinshasa, we visited Paulette's relatives in Paris and in Brittany. When we reached Kinshasa, an old student of Paulette's, José Rivera, took charge of us and we'll always remember how supportive he was.

By the way, after waiting for our airfreight for a while, we eventually contacted the Travel and Transportation office back in Washington and found out that they literally forgot to send it. Our airfreight eventually arrived on the same day as our sea freight.

Q: Yeah. It's not that uncommon in that era. Things did not always work perfectly with transportation. Not just for AID but for the whole State Department. But anyway, continue.

Living in Kinshasa

RYAN: So now starts in August 1984 a four-plus year period in Kinshasa with USAID/Zaire. I was an economist in the program office. Then, as now, Zaire had a quite poor development environment.

Q: Right.

RYAN: Unusually weak institutions even for a USAID country. Conflict was common, although my posting fell between major crises.

The military were still on the streets in Kinshasa for our first 12 months there, '84 – '85, allegedly keeping the peace but in reality shaking down passers-by. I got the treatment once: a group of soldiers loaded themselves into my 504 (Peugeot 504) to negotiate. When they saw how little I had in my pocket, they laughed and got out without taking anything. Maybe they just wanted the distraction of interacting with a gringo.

But that was just for the first 12 months and then things calmed down further. The next blow up didn't happen until about 18 months after we departed post. So those were kind of salad days for Zaire, 1984-88.

Q: Can you take just a moment and describe how the physical situation in Kinshasa affected the work. In other words, the level of development and ability to get from place to place, the communications, and so on. What did you have to do to overcome any of those problems?

RYAN: Kinshasa was not particularly hard for us. Telephones were a weak point, though. The residences did not have telephones so we were allowed to use the embassy's emergency radio network for short personal messages. If you wanted to call the States, you had to go downtown to the PT&T and wait in line for a cabin. Paulette once did that and waited hours before realizing that she wasn't going to get a cabin unless she tipped the staff -- which produced results quickly.

But the city streets were good, power was impeccable because of the Inga hydroelectric plant on the Zaïre River, which was a little bit downstream from Kinshasa. At its location, there is more hydroelectric potential than there is in all of Western Europe.

Q: Wow.

RYAN: One of the U.S. foreign policy interests was to keep that generator running, and to keep the Inga-Shaba transmission lines from there to southeastern Zaïre, the copper belt. But anyway, Kinshasa had about the best electricity supply we had in any of our posts -- except maybe Lima, Peru thirty years later. Anyway, our air conditioning worked all the time.

Kinshasa also had the best restaurants of any of our posts: great Portuguese, Greek, Belgian, French, Swiss, Lebanese, etc. I think it's because the kind of people who went to live and work in Zaïre were sort of adventurers. They liked to live well so they created good restaurants.

Our apartments were fine. The first one (SEDEC III on the city's main boulevard) was nothing special, but we got a chance to move to a nicer one (Panorama) with a swimming pool near the Zaïre River.

Our post also had APO privileges. It's interesting that all six of our USAID posts -- which have been at hardship posts, of course -- qualified for military mail privileges.

Q: Ah, OK.

RYAN: So if you know what qualifies a post for U.S. military mail, that tells you something. Not so much about USAID, but about the world in general and the U.S. role in it. Having APO allowed Paulette to stock up the embassy employees' club's videotape collection.

So living was not too hard in Kinshasa, when you were at home. On the streets there was some hostility and security could be an issue, but we didn't have any serious trouble. A couple people did, but not us.

USAID's offices were well appointed and air-conditioned. Our motor pool was a little undersized so we had trouble getting to meetings around town. We would have to get taxis and we occasionally missed a meeting for lack of transportation, which was bizarre, but that was self-inflicted by our own management.

By the way, in terms of transportation, once you got outside of Kinshasa about 20 minutes, that was the end of it.

Q: Wow. Including roads and other basic logistics?

RYAN: Yes. Well, Lubumbashi in Shaba was a pretty decent town, and when I arrived USAID was basking in the glow of finishing a road from Kinshasa to Bandundu City in the Bandundu Province east of Kinshasa. That road did not survive the next decade unfortunately. Basically you had to fly to get around the country, and you had to make sure of touching down before dark for lack of navigation aids.

Q: Yeah, I understand.

RYAN: Our agricultural project contractor in Shaba got authorization to buy a project airplane. That's the only time I've seen that.

Q: Oh wow OK. Interesting.

RYAN: Zaïre is big, very big. And driving is ..., well, I have a friend, that French horn playing friend of mine at Stanford that I told you about, whose uncle was a missionary in Belgian Congo and drove all around the country in their family car in the 1950s.

Q: Oh wow.

RYAN: Yes. That had changed by the time we arrived.

Q: Oh, I see. Because of lack of maintenance?

RYAN: Yes. One of the things to do on weekends was to get in a convoy of Land Rover-type vehicles with a bunch of planks and shovels and drive until you had to dig yourself out, and then turn around and go back to town. But in town, and especially in Ngombe, the European part of town, it was nice. It was pretty. The river, six cubic kilometers of water going by each hour.

The Family in Kinshasa

Paulette, when we arrived in '84, was on leave from her long-time job at FSI. During our first few months in Kinshasa, Paulette was hired by the Embassy to be the Post Language Program's Coordinator. This involved training the local instructors in FSI's teaching methods, supplying FSI teaching materials, and monitoring students' progress.

Then FSI offered her a contract job as the Regional Language Examiner for the Francophone posts in Africa. She had to resign her Washington appointment to take the contract, so she did. Fortunately, she had worked with State long enough to qualify for a pension when we finally retired.

This job involved traveling to all of the U.S. embassies in Francophone Africa to make sure the Post Language Programs were up to standard, to give exams to staff as needed, to train local instructors, and to collect printed materials for FSI's use in Washington. So basically Paulette has been everywhere in Africa, at least to the Francophone posts.

Q: Wow.

RYAN: Her stepbrother, who was also born in Vietnam, at that point was actually in business in Abidjan. I joined Paulette there a couple times, and while staying at the Hotel Ivoire Paulette noticed necklaces made of trade beads and gold-plated pieces that she thought were wonderful, but were expensive. Her brother said, "Just go down to the market in Treichville, buy the stuff and make your own necklaces." So she started doing that, and for years afterwards had a hobby going making necklaces from antique Venetian trade beads.

Ambassador Grove bought some of Paulette's necklaces for a lady friend. And once, when we were in Islamabad, both the U.S. Ambassador's wife and the French Ambassador's wife were wearing Paulette's necklaces at a reception hosted by then Prime Minister Benazir Bhutto. Benazir admired the necklaces and wanted to meet Paulette, but by that time it was already the eve of our departure so they never got together.

The origin of the beads was that Europeans who came to Africa brought them to barter for food as well as for gold, silver, ivory, and palm oil, and the Dutch used the same beads to buy Manhattan. And now of course, the Europeans and Americans have collected them all. I understand that half of all the Venetian trade beads ever produced were at that point of time already in California.

Q: Very interesting.

RYAN: But Paulette eventually shifted from the Post Language Program work to the translator-interpreter job for the Ambassador. She also managed the Employee Club's videotape lending operation. I remember thinking at the time that the VCR revolution must have totally changed life in the Foreign Service.

Her son, my stepson, Sean Brett, loved his year in Kinshasa. He became the operator for the embassy radio network -- the one that we were allowed to use for short personal messages in lieu of telephones.

Q: That's great.

RYAN: The operator was referred to as "Beehive." You pushed the button on the radio, waited to hear if there was any traffic going on, and if not, then you said, "Beehive, Beehive, this is," you gave your handle, and said, "can you connect me with" the handle of the other person. And he would do it.

So after one year, Sean Brett left for the University of Colorado at Boulder and eventually went to other schools.

Q: Yeah, but it's just interesting how jobs like that come open and eligible family members can take them. A job completely different from anything else you would otherwise do.

RYAN: Yes. By the way, we ended up having dogs with us overseas. We didn't when we left Washington, but we got the first of them, a female poodle named Mathilde, or Matty, when one of Sean Brett's girlfriends gave it to him as a Christmas present. So naturally he left post and we ended up with Matty for another 16 years after that.

Q: A dog in Zaïre, and it wasn't too hot and the dog survived?

RYAN: Well, of course she lived in air-conditioned splendor in our apartment. And I'd take her for walks along the river. No crocodile ate her.

Q: Right.

RYAN: We also learned the difference between alligators and African crocodiles. Aside from the snout, the key difference can be summed by saying that no one wrestles crocodiles.

The first book I read in Kinshasa was *L'enfer des crocodiles*, or Crocodile Hell. It was about a Belgian bank employee in the '50s who quit his job, became a crocodile hunter, and had various adventures along the banks of the Zaïre River in his new vocation. The valuable part of the crocodile turns out to be the leather on their belly, which is made into handbags and shoes.

Q: Right, interesting.

RYAN: I didn't get to do any horn playing except for one amateur night at the Embassy club, but I practiced the whole four years. I learned a little tennis at the club, and for some reason all four of the guys I played with regularly were six feet five inches tall. Strange.

U.S. Policy in Zaïre

Q: OK. So about the mission and your activities there.

RYAN: I started out mentioning that the development environment was poor because the local institutions were not financed or staffed or reliably led.

The other aspect of the political environment was that U.S. government policy in Zaïre was not focused on development. The primary goal was maintaining Zairian support for Jonas Savimbi, who was using Zairian territory as a rear base area. Does the name mean anything to you?

Q: Oh yes, of course. His long career in slowly taking over is very well known.

RYAN: And in that era he was a hero, a freedom fighter. Subsequently we decided that he was actually the scourge of humanity. Times change.

Paulette being the Ambassador's translator/interpreter gave me some connection there.

Q: Oh interesting.

RYAN: Paulette succeeded Marie-Paule Mann, the wife of Jonathan Mann who was doing HIV/AIDS research in Kinshasa at that time and then became the first director of WHO's global program on AIDS. Kinshasa was an early center of AIDS research. Marie-Paule was, like Paulette, initially a French national, and so she had been the Ambassador's translator. When the Manns left to go to Geneva, Paulette got the job as translator and interpreter.

Q: OK.

RYAN: So she worked in the front office. Brandon Grove was our first ambassador, followed by Bill Harrop. Dan Simpson was the first DCM, followed by Mark Baas.

I occasionally dropped in on her and had lunch in the Chancery. USAID's offices were only a couple blocks away. Since I love maps I enjoyed inspecting the big, wall-sized map the front office used. The thing is, it was a map of Angola.

Anyway, economic reform was considered by the U.S. government an annoyance that would only get them crosswise with the Zairian government and President Mobutu. And so although one could see that Zaïre needed support from the IMF (International Monetary Fund) and the world community in general, U.S. policy was to steer clear of that bilaterally.

Q: OK.

RYAN: So the kind of economic policy work where USAID mission might have a partnering or supporting role in other environments was ruled out and USAID had to try to do projects in an environment where the enabling environment didn't exist. USAID still had a substantial budget because Zaïre was important, right?

Q: Right.

RYAN: This situation resulted in poor Embassy-USAID relations. If you read other oral histories you'll see other people commenting on that. Kinshasa's Economics Section in particular was tasked with making sure that USAID didn't get out of line.

Q: Oh, interesting.

RYAN: Early in my time there, the chief of USAID's agriculture office, a senior guy, had some kind of misunderstanding with the government, and so he was instructed by the Embassy to have no further contact with the Government of Zaïre.

Q: Wow.

RYAN: Then some weeks later the minister of agriculture, who wasn't privy to this, ran into him and was asking him for help, was eager to work together and so forth. And so USAID's man did what he wasn't supposed to do, and Ambassador Grove removed him from post.

Q: Wow. OK. That happens.

RYAN: The Econ Counselor most of the time I was there was Joe Saloom, who had a great career. A brilliant officer. (His wife Ann was a nurse in the medical unit.) Anyway, Joe was charged, among other things, with keeping USAID from getting entangled in economic policy affairs with the Zairians. My boss was called in on the carpet at the Embassy at least once over this. Joe was also smart enough to contribute substantially when he looked at our programs. But that was secondary.

USAID/Zaïre's Programs

Mission management: Our first director was Dick Podol, who had a long career that had started in Turkey in the 1950s. The deputy was Art Lezin. They were succeeded by Dennis Chandler, who arrived in August '86, and Joe Goodwin as deputy, who was an economist and a good colleague for me.

Towards the end of our time in Kinshasa, some issues came up involving the front office, which were interesting to observe. It touched other people more than me -- I remember Bill Anderson having to deal with tricky matters.

My first supervisor, the head of the Program Office, was an economist, John Babylon. He was correct with me, rather than sympathetic. My second supervisor was John Bierke, who arrived in early 1986. He was not an economist, so he appreciated that I was one and he was extremely supportive to me. His wife Thuy was originally from Vietnam like Paulette, so they got along very well. We have remained friends with the Bierkes all this time.

USAID had a big agriculture program in Shaba in the southeast, which was probably our program's highlight. That was the program whose contractor bought an airplane for implementation needs. The mission itself established, while I was there, a satellite office in Lubumbashi to help manage the program there.

I already mentioned the road to Bandundu that had just been completed. We thought about doing road projects and road sector management. I'm not sure how much of that

got done. Presumably there was a big health program. Things fell apart after we left and projects became impossible.

My role in the Program Office was in part as an analyst contributing to other offices' designs.

Q: Oh, interesting.

RYAN: It was similar to what I did in PPC for PIDs coming in from the field. In Kinshasa, I also was tasked with briefing the mission on the overall economic environment. So I did a fair amount of research and data development on areas like the microeconomics of the seed industry and exchange rate macroeconomics.

Personal computers were just coming in -- you know, the Wang distributed processing that was in use at that time -- so it took a while to get some databases put together. As I was reading back in my personnel reviews, I got a pretty good bit of credit from my supervisors for doing that.

We also recruited a Zairian economist to work with me. There were not many who had had the opportunity to learn English and economics, so it was a stretch for the person we hired and after a lengthy trial we let him go. But we really liked him a lot.

I remember him as ex-Philippe, which is to say that his birth name was Philippe but he was given an indigenous name, which I forget, under Mobutu's policy of Zaireanization. Zairians referred to their birth names with the prefix "ex."

Philippe recounted that his father had an independent streak. He built his house outside the village and resisted the Belgian government's insistence that all houses be near the new road. Initially, he lost that contest, and Philippe remembered his mother crying when they were moved and their home was burned. But Philippe said that later on his father surreptitiously re-built the house.

When we let him go, Philippe said that he understood and that "I am a man. It's up to me to accept things like this."

Managing PL-480

The other thing was that I became the manager of the PL-480 Title I program. PL-480, you know what that is?

Q: Yes, I do, but it would be useful to just briefly describe what it was and its purpose.

RYAN: Right. PL-480 was the 480th law of the 83rd Congress passed in 1954. What it did is it ramped up an existing procedure by which the U.S. Government was able to take surplus agricultural commodities that it bought for price-support reasons in the U.S. and to sell those overseas in exchange for non-convertible foreign currencies -- in other

words, currencies that you couldn't get dollars back for -- and then to provide those currencies as aid. So you're selling the U.S. commodities to commercial enterprises in the countries and taking the local currency and using it for development projects.

Q: OK. And by and large, did it work on its own terms, at least in Zaïre?

RYAN: Yes. It's a form of assistance that would have been difficult to propose if the U.S. farm-support motive hadn't been there. And it made basic grains available without needing dollars to buy them. I managed the relationship where a Greek miller in Kinshasa got wheat from the United States to mill for bread baking in Kinshasa and paid the USG for it.

Q: And so the value of the local currency did not fluctuate so much in the time you were there that it lost so much value that, in essence, you really weren't able to do the program effectively?

RYAN: Somehow we managed to keep up with inflation, which as I recall fluctuated in terms of annual rates from 50% to zero and back again a couple times while we were there. (FSN salaries did not keep up, however.)

The proceeds of the sales were divided 10% for the Zairian government's budget, which we didn't monitor, and 90% for USAID's use. Our Program Office took over those funds and parceled them out to projects the same way that they parceled out dollar budgets. So for many projects the budget in zaïres, the name of the currency at the time, had about the same purchasing power as the U.S. dollar budget.

Managing PL-480 also involved market analysis, because one of the program's precepts is that you're not supposed to drive the local producers out of business.

And then there's logistics. I mean, the stuff comes across the sea to South Africa, and then it goes up via train to Lubumbashi and it's a difficult supply chain. Somebody once tried to take stuff from New Orleans to Port Elizabeth by barge, but the barge sank in the Caribbean.

Q: Wow.

RYAN: We had to figure out who owned that stuff when it sank. Had we already sold it to this miller, or what?

Q: Wow, that's a mess.

RYAN: Life in the big city, right?

Q: Yup.

Private-Sector Development and Structural Adjustment

RYAN: The other task that probably became the most important thing I was doing, was programming that led us into the economic policy area despite the resistance on the political side.

This had to do with the Reagan Administration wanting to support the private sector. The Africa Bureau's new Private Enterprise Office wanted to do an investment climate survey in Zaïre. And so they sent a consultant whose name was Arnold Lessard to town to do that. A business guy, a good guy, a good mentor for me.

Arnold knew stuff from angles that I didn't. I'll tell one quick anecdote, I may run out of time here.

Q: That's OK. Interesting anecdotes are always worth the time.

RYAN: OK. On his first evening I took him to a Lebanese restaurant and we were talking about policy and Zairian matters and I was pretty absorbed in that. But as we finished I suddenly realized, "Arnold, I'm sorry. Normally I should have bought some local currency so that you could have some cash as soon as you got off the plane without having to run around for it. But I forgot, and now I'm not even sure I have the local currency to pay for this meal."

And Arnold gave me this slightly bemused look. It was striking -- I didn't understand what it meant. So the Lebanese waiter comes over to the table with the check and Arnold hands him a twenty-dollar bill and the guy takes it and goes off and makes change.

Completely illegal, of course. We were thoroughly briefed: we had to change money legally and all this kind of stuff.

Q: Right.

RYAN: You know how you can tell when somebody's a little surprised? Even a little, there's just a split second of hesitation or something like that?

Q: Yes.

RYAN: With this Lebanese guy there was absolutely no hesitation whatever. This was the most natural transaction you could imagine. Arnold, who was in his first hour in Zaïre, knew it was going to be like that and I didn't. And I said to myself, "Wow, there's something going on out there that I totally don't know about."

Q: Yup.

RYAN: And that little fact about the U.S. dollar has been true in all my posts. In Peru in the line at the big supermarkets the people in front of me were paying for their groceries with twenty-dollar bills. The Peruvians.

Economists just do not understand that. (More about that later in my career.)

So anyway, Arnold was a great guy. He produced an investment climate survey (with me assisting) and the Africa Bureau loved it. After it was produced the Embassy put a national-security classification on it.

But it did lead to a project paper for a private-sector support project that I created and that was approved in Washington. It was about measures needed to make doing business possibly a little bit more manageable in Zaïre. It was never implemented because, like I say, Zairians were out in the streets within a few months of us leaving and the USAID mission closed.

While I was still there, however, as time went along we actually did economic policy work. And what made it acceptable was that it made sense. We weren't causing waves, we were being constructive. So that was nice.

Q: OK.

RYAN: I also did a TDY in the midst of that process to USAID/Kenya to consult on their private enterprise programming. They were way ahead of everybody else in the region, so that seemed worthwhile.

Then our Africa Bureau created a Millennium Challenge-type of program called the Africa Economic Policy Reform Program. This was a bureau-wide pot of money that you could get for programs on a competitive basis. It wasn't allocated by State or USAID to the country, it was at the Bureau level and missions had to compete for it.

Q: And how did the Bureau decide what criteria it applied?

RYAN: Well, I'm not entirely sure I can tell you. But in our case, my supervisor John Babylon drafted a proposal that had to do with road maintenance, which was not a bad subject for Zaïre's needs. I think John may have rotated to his next post and I was the one who finished it. But it was primarily his work and I thought it was a good idea.

For whatever reason, it was not viewed positively in Washington. As I understand it, it went straight to the bottom of the stack of proposals from the different USAID missions in the AFR region.

But for political reasons Zaïre had to get an AEPRP grant.

Q: OK.

RYAN: The Bureau sent two senior people, Carol Peasley and Jerry Wolgin, to Kinshasa for a few weeks to draft a new proposal, which became the “Zaire Structural Adjustment Support Grant.” That USAID could approve such a program indicates how we were able by that time to get engaged in normal economic policy engagements.

Kinshasa Tour’s End

Despite all the good points about living in Kinshasa, it did involve personal tension. When our plane took off in December 1988 as we left the country for good, Paulette and I both had exactly the same thought, which was, “We made it!” Another blow-up seemed possibly imminent, but it took another 18 months for it to happen.

Q: Your tour in Zaire was at the same time as the Reagan administration and the Reagan administration’s approach to AID. Do you want to reflect back on its relative effectiveness? The approach that it took and relatively now with 20/20 hindsight, how effective it was?

RYAN: Well I should have remembered to say this before. By my last year and certainly by the time I left, my advice would have been to close the mission. Because there was just too little to work with. Close the mission and come back in ten years and see whether there was some prospect, if there was anybody to work with really. And PS, if we had come back in ten years the answer would still have been no.

Q: OK.

RYAN: We’re in the assistance business, so you have to have something to assist. If it’s not there then you’re out of business.

Now, over twenty-five years later, I can imagine trying to invest in a new generation of potential leaders through providing good professional education. That’s never wasted even if it can’t be applied in the home country right away or even for years afterwards. It might be a shot in the dark, but it’s feasible, it’s not expensive, and you’ll end up doing it at some point anyway.

Also, I think we proved that the U.S. could have had a more constructive engagement on the economic policy side, even though ultimately that was going to be futile because of broader governance shortcomings.

U.S. geopolitical policy wasn’t my job, of course, but the administration’s approach in my time was not convincing. The U.S. focus on Zaire’s role in Angola and the U.S. policy on Angola itself were widely mocked because we were pursuing exactly the opposite policy in Mozambique, which Portuguese reporters enjoyed reminding us. Besides Angola, the administration also maneuvered itself into relationships in Cambodia, in Nicaragua, and in Afghanistan that we can’t remember with any pleasure.

Islamabad: 1989-1992

Bidding on Islamabad

Q: OK, so today is June 26th, we're resuming with Joe Ryan. He has just completed his tour in Africa and is looking ahead to Islamabad. Now, how did that second tour come about? Did you bid on Islamabad? Did they tap you for it? Was it a combination?

RYAN: I bid on it. I basically had two options. One would have been Abidjan in Ivory Coast where USAID had a regional, multi-country office. I got an informal offer to take an office chief position there from an Africa Bureau executive named Larry Saiers, who was an economist and who was impressed by a presentation I made in Washington DC.

But I also had another offer from Jim Norris, who, when I made my transition to the Foreign Service in PPC, had proposed my going to Bangladesh. Jim had done six years in Bangladesh and was on his way to Pakistan and said, "OK, how about this time? Come to Islamabad as a program economist."

So I chose Pakistan for two reasons. One is I didn't want to say no to Jim twice. And the second one was that I really wasn't sure that I was ready to supervise a multi-sectoral team in that job in Abidjan. I was more of an analyst and less of a manager. Also, I would have been supervising the guy who had been my first supervisor in Kinshasa. I didn't feel that was a relationship that was made in heaven, so that also made me reluctant.

Q: I see.

RYAN: Anyway, I bid on Pakistan in the normal way and with the contacts being what they were, which is not uncommon, I was selected.

Urdu and Language-Designated Positions

Q: Very good. OK, now do they tell you will get any language training or any other training to go for the job?

RYAN: No, that wasn't relevant here. My position wasn't a language-designated position and the Government of Pakistan works in English basically.

Q: OK.

RYAN: After I arrived In Islamabad, the Agency asked me about whether my position should be a language-designated position, an LDP. I said, "No." And I think I was right about that. I mean everything with the government there was basically in English. And I think too, you may know that although Urdu is Pakistan's other official language, it wasn't originally a Pakistani language. It's the language of the people who came from UP (Uttar Pradesh) in India to run the show in '47. And natively, hardly anybody in Pakistan

spoke Urdu. Punjabi was the majority language, and the various languages of the northwest frontier, and Balochi, and Hindi, and stuff like that. But not Urdu.

Anyway, to round that story out, even though I wasn't required to have any Urdu, I had that background from Berkeley, and I resumed training out of personal interest and partly because I really enjoy reading both Hindi and Urdu literature.

And so it turned out that in the fullness of time when we went through an evacuation, which I'll talk about at the beginning of the first Gulf War, I took an exam in Urdu, my second FSI Urdu exam, in Washington DC. I guess it was a bit of a novelty. The head of FSI's Testing Unit, who I jokingly refer to as the most feared person in the Foreign Service, came to observe it. I got a 3-3.

To my surprise, when I got back to post months later after the whole evacuation thing, I got a cable saying, "OK, congratulations on your test results. We certify Speaking 3 and Reading 3, and your 10% incentive pay increase will start on pay period X." And I said, "What? This is not a language-designated position. This must be a mistake." But money was showing up in my paycheck. By coincidence somebody from payroll in Washington was visiting USAID/Pakistan about that time. So I went and double-checked with this person and she checked back with Washington and she said, "No, it's good. Spend the money."

Q: Wow. That's great.

RYAN: Yes. I spent the money, that's for sure. But I want to make a comment. It's so odd. At post in Zaire where French was an absolute necessity, I started off thinking my French was pretty good so I started taking Lingala lessons. I quickly realized that my French needed to be much better to really do my job well. So I switched and eventually got to a 4/4 in French. And then in my post in Nicaragua where Spanish was a necessity, I got to a 4/4 in Spanish between my first and second tours. But do you get any incentive money for that? No.

And for this completely unnecessary Urdu I was getting 10%.

I enjoyed the language training, so it's no skin off of my nose. But if somebody is listening, that's my comment.

Q: No, that's fine. That's what the training philosophy was, at least at that time. That you get a bonus for speaking a hard language, and you're speaking a hard language.

Arriving in Islamabad

RYAN: Yup. Well, anyway, there you go. So we left Kinshasa in December 1988. We took a vacation in the Cape in South Africa, which was lovely. Paulette loved the Huguenot heritage they have in the Cape. And then we did home leave. In getting to post

the interesting thing that came up is that the State Department travel office ticketed us to go to Islamabad through Beijing.

Q: That is interesting.

RYAN: Apparently not knowing that at the time U.S. citizens required a transit visa for Beijing. That means even if you are not deplaning, you are required to have a transit visa. This was special, just for U.S. citizens. Apparently it was a reciprocity thing. The United States was doing something to Chinese travelers, so the Chinese did it back to U.S. travelers. And they would literally not let planes depart if there was a U.S. citizen on the plane who couldn't show a transit visa. So people had to deplane, at which point they were arrested for not having a visa. And that had happened to State Department people as well.

Q: Interesting.

RYAN: Yes. But somehow no one doing the ticketing knew it, including me. The airline caught it in Tokyo when we were trying to board and we had to re-route on an emergency basis. Embassy Tokyo confirmed that Embassy Islamabad was informed that we were now going through Bangkok. And then somehow Embassy Islamabad dropped the ball and we were left unmet at the airport in pre-dawn hours, in freezing February weather, and it was a mess, an ugly situation.

Q: Wow. So you're talking about your arrival in Islamabad, there's no Embassy car to meet you? No one there to help you through customs?

RYAN: Right. And then they shut down the airport because you don't get that many flights. Certainly in February 1989, you didn't get that many. So here we were freezing on the curb. And I was trying to find a phone.

Q: Holy cow.

RYAN: After a while I managed to get a phone call through to whoever was answering at the embassy and said, "Could you send somebody to pick us up?" Paulette and I didn't even know where we were going.

Q: Of course.

RYAN: We had no idea where we were billeted, you know. So they said, "Well, you know the Embassy opens in a couple hours, call back then."

Q: Wow.

RYAN: I am so not making this up. Partly I mention it to get it off my chest. But then also, it's kind of typical of the stodgy bureaucratic culture that you encounter in Pakistan.

I don't know if I mentioned this, I did then do another tour in Pakistan years later. And doing the arithmetic with a little bit of care, Islamabad is the place I have lived longest in my adult life.

Q: Wow.

RYAN: And with my other language and regional background I guess I feel empowered to make a comment.

Q: Well yeah, absolutely. I mean with that kind of experience.

RYAN: Anyway, so the other thing is, our sponsor was a State Department FSO, the head of the Personnel Office at the Embassy. She had volunteered to sponsor us because she had been head of personnel while we were in Kinshasa and thus knew Paulette from supervising her when she was coordinator of the post's French language training.

But when we arrived she was out of the country on TDY.

Q: That explains a great deal. OK. Because it is generally the sponsor that moves everything, even when there is a problem with your arrival. In the absence of a sponsor you could theoretically fall through the cracks, but really, that's shabby staffing. GSO (General Services Office) or Admin (Administration), or later, Management, should have known that you were arriving, and that your sponsor for whatever reason was leaving the country. The sponsor should have notified Management to say, "For some strange reason I absolutely cannot be here, I need somebody else to do the first day or so. And I'll pick up again when I get back."

RYAN: Well, of course, our option was to complain to the Personnel Officer.

Q: Right. Who was your sponsor?

RYAN: Right.

Q: Beautiful.

RYAN: You know, when we arrived in Kinshasa, Paulette remembers to this day how well we were treated by our sponsor, José Rivera. He was a USAID financial management guy who knew Paulette from French training. Of our seven arrivals, that was the one that was really up to snuff. In Lima, our last post, it was good too. But somehow in between it consistently fell through, one time after another.

Q: I should just tell you, when I was in A-100 (the first training and orientation class after entering the State Department) in training in 1984, I was taught that you never do that. You never forget or leave behind a Foreign Service Officer, a colleague. It is absolutely your responsibility and it's like a sacred responsibility. You don't blow that. And so this was really shabby treatment.

RYAN: Yes, we felt that way at the time. So there you go. And also the house we were taken to was a mess. We found out later they had been unsuccessfully trying to get somebody to take that house for a while.

We ended up in a wonderful house, one that another family had moved out of because they didn't like it. (There's no accounting for taste.) But the way we got into the house that we loved for the next three and a half years was just luck.

A new EXO (Executive Officer) arrived and overruled the FSNs who were trying to claim, contrary to written policy, that we had to stay where we were.

It's like that down the line. Pakistan is a hard place to work, including inside the USAID mission. By the way, the best reference on Pakistan that I'd recommend to you is Peter (Anatol) Lieven's book, which is titled, *Pakistan: A Hard Country*. I'm agreeing with his word choice.

Anyway, I'll give a shout out to that EXO, John Martin. His spouse Linda Martin was in the Financial Management office -- they were a tandem Foreign Service couple. We ran into them again as the years went along and were always happy to see them.

Living in Islamabad

One little thing for our family. The housing involved a drapery and upholstery allowance paid in cash because Islamabad had a great little industry of garments and the like. A lot of stores sold high-quality Pakistani cotton fabrics, and the cost of sewing the drapes and upholstery locally was a fraction of what USAID would have spent to get products shipped from U.S. (which would probably not have been woven and sewn in the U.S. anyway). So Paulette got upholstery for our house made up, and then she created a little business where she would help arriving bachelors or busy tandem couples get their upholstery and draperies made up.

Q: Interesting. Because there were still some posts with a drapery and upholstery allowance at that time. That's very interesting.

RYAN: I think everywhere else that we've been, the housing was set up that included that and you didn't have to do anything about it. But in Pakistan you had to do something about it because otherwise you didn't have any drapes. So for these guys who were arriving and couldn't have cared less about fabric patterns, Paulette put herself in touch with them and, for a small percentage of their drapery-upholstery allowances, went shopping and showed them swatches and did the whole nine yards.

Q: Lovely. I'm sure if it were me, and I were arriving, I would have been delighted to take her offer. It's one more thing I don't have to worry about.

RYAN: Right. We arrived, by the way, shortly after Benazir had become prime minister.

Q: OK. And once again, what year is this?

RYAN: We arrived in February 1989.

Q: OK.

RYAN: Benazir was a bit traumatic for Pakistani males. There is a gender thing in Pakistan, as I guess everyone knows. We had one taxi driver who, when there was a hailstorm, blamed it on Benazir being Prime Minister. My wife heard it, I wasn't there.

Also, our cook was disrespectful to her, and I told her to fire him. But she said her friends assured her that they were all the same. But she eventually did fire him and then the next one was great.

On the streets, women had to cover up at least moderately. These were still the days when Pakistan had morals police patrolling.

Q: Wow.

RYAN: Even "the man on the street" would take action himself if you weren't proper. This began to be an issue for USAID's work actually. By the time I departed in 1992, three and a half years later, USAID had had to curtail some grantees, NGOs who were working in the northwest in particular, because of hostility to the way they would engage with women in health projects.

Q: I see. Wow.

RYAN: But generally speaking, since the things changed so much between then and 2008 when I went back, it's important to remember that we were free as birds in Pakistan at that time. We traveled all over the country in private cars. We took a bus tour up to the Khyber Pass, and we had friends at the USAID mission who drove to China across that small border that Pakistan and China have in the far north. My mother visited, and we walked around the souk in Peshawar, which is probably not recommended these days.

Q: Right.

RYAN: There's Kaghan Valley, this wonderful alpine environment a little bit to the north of Islamabad. And K2, and Clifton Beach in Karachi. Times were normal for tourism.

And there was not only a sophisticated population of Pakistanis in Islamabad, but also a large international community with a big International School, which was a hub of activity. And the Asian Study Group was a huge hub of activity, mostly for foreigners but for some Pakistanis as well.

People from the German and Austrian Embassies promoted European music events and the music teachers from the International School were assets for that. And so, unlike in Kinshasa, I got to do some performing on my French horn. Some Mozart with a Pakistani pianist named Alita Kazmi, who I met because her husband, Shaukat Kazmi, was the chief economist at the Planning Commission.

Q: Interesting.

RYAN: I also performed some Schubert with the International School music teacher, who was a very good soprano. As tenors are rare, I was drafted to try to sing tenor in her choral group, which was even more forgettable than my French horn playing.

There was a volleyball league amongst the embassies. A couple friends who reappeared in our life later, Anne Aarnes, who was the USAID Health Office chief, and her husband David Sprague, who was the Education Office chief, played on USAID's team.

David was a senior guy but had just recently become a Foreign Service Officer. He had been in a high-ranking Civil Service position but now he needed to qualify in a language for tenure, and he chose French. So Paulette was hired by USAID to tutor him. Although he was initially nervous about it, he ended up passing his exam with a higher grade than he needed, and he thanked Paulette with a couple of bottles of Gevrey-Chambertin, her favorite wine.

Anne and David's son, for some reason, conceived the idea that he wanted to play French horn. He must have been 12 or 13. So I gave him a couple of lessons, and I ended up selling him an old French horn or mine.

Anyway, there was all this community life. If you think about postings in Pakistan in recent years, you kind of forget that it was like that, 25 years ago.

Q: Now at that time, roughly what size mission was the USAID mission in terms of relative size?

RYAN: It was really big. But first I wanted to add one last thing that you may not know about Islamabad. It is the pollen and hay fever capital of the world.

Q: Yeah. When I examined Islamabad as a possible post, there were lots of health issues, I recall, that you would need to resolve to the State Department's satisfaction before you could go. And perhaps that was one. There were, of course, other communicable diseases and so on and so on. But they warned you about Islamabad in terms of its healthfulness.

RYAN: Islamabad was created as a planned city, and they planted paper mulberry trees as the ornamental feature of the city. And that's what generates the pollen. There's an exponential scale, an index of pollen prevalence in the air. From 0-15 is low, 15-90 is medium, and 90-1500 is high. Islamabad's seasonal highs are about 43,000.

Q: Good Lord!

RYAN: For some people it's crippling and they leave town. In my second posting, I heard that the Minister of Education completely left town and spent the whole season in Karachi. And we lost one of our contractors, who had to leave country altogether and never came back.

I myself developed asthma-like symptoms in 1989. I got tested by a local specialist and started getting injections to try to desensitize myself. I still struggled even so.

Q: Wow, remarkable. And was Paulette affected as well?

RYAN: No, just me. I have a very sturdy immune system, it reacts to everything.

USAID/Pakistan

The Program Office

Q: Now, within the mission, what was in your portfolio?

RYAN: I was again a Program Economist in a Program Office. In USAID missions we have a Program Office that does all the budget reporting, strategy writing, and oversight on behalf of the Mission Director. The Program Office is kind of like PPC. It's the staff arm of the Mission Director.

The actual assistance is managed by what we call "technical offices": the Ag (agriculture) Office, the Education office, the Health Office. In Pakistan, there was a Commodity Import Program Office. And Education had a big participant training program.

So I was an economist in the Program Office. As in Kinshasa, the job was primarily to do research and to consult on designs and evaluations and strategy, and frequently to do drafting in that area.

Q: Interesting.

RYAN: In Pakistan actually there was a second Foreign Service economist position. A more junior economist, a more recent arrival than me, named Mark Gellerson, came to that position. His spouse Evi is also an economist, though at that point she was staying at home with their first child, who was very young. They've become good friends over the years.

Plus, I hired an FSN, a Pakistani economist, who had just finished a PhD at Columbia University, Shaheen Rafi Khan. So the mission was making a substantial investment in economic analysis capacity.

Q: OK.

RYAN: But it was still basically a Program Office, which means budgeting and reporting on behalf of the whole mission. We had two U.S. Direct-Hire Program Officers. The senior one, Peter Davis, was an economist also. The second one was Wayne Tate.

I don't know if you know the name Jonathan Addleton.

Q: No, I'm sorry, it doesn't ring a bell.

RYAN: He had grown up around Islamabad in some sort of missionary situation and went on to a prominent career. He was Ambassador to Mongolia as well as holding high-ranking USAID positions. I think he was just coming into the agency in that era and had been an intern or the like in Islamabad. I just missed him when I arrived.

Q: I see.

RYAN: Peter Davis and Wayne Tate rotated in my first year there and were succeeded by Jock Conly and Virgil Miedema. Jock and Virgil were very supportive. In fact, Virgil and his wife Barbara Spaid, who was a Health Officer, another tandem couple, became good friends. We socialized a lot with them.

USAID and the U.S. Embassy

Q: Now since you're describing the office structure that you're walking into, did your office have in any way a relationship or integration with the embassy's economic office?

RYAN: Not so much in this post. A little bit, yes, for sure. And in fact, because as in Kinshasa, I also managed a PL-480 program, we had a relationship with the Ag Attaché, Robin Titsworth, who was in the chancery.

RYAN: And one thing to remember is that Islamabad hosted two USAID missions at the time.

Q: OK, I didn't know that.

RYAN: Obviously, there was USAID/Pakistan. We were in our own building outside of the diplomatic enclave.

Islamabad is divided into rectangular sectors and one of them on the east side is a diplomatic enclave. It's not really fenced off, and it wasn't fenced off even more recently, but it's a diplomatic enclave where a lot of the chanceries are located, including the U.S. chancery.

We were not in that. We were in a big building purpose-built for us. In fact, I think it was built by the architects that Indiana University recruited to build some of the early buildings in what was going to be called Islamabad University, which is Quaid-e-Azam

University now. Anyway, we were in our own big building in the government sector. Not the residential, but the government sector.

The second USAID mission was for Afghanistan.

Q: Oh, of course. Right.

RYAN: That was a non-travel, non-presence program. They had a mission within the chancery complex whose Mission Director when I arrived was Larry Crandall. I had no contact with them.

USAID/Pakistan's Front Office

Our front office, for USAID/Pakistan, was Jim Norris, the guy I knew from Washington, and his deputy, Paul Guedet, who was succeeded before too long by Nancy Tumavick.

Jim has what I would call a magisterial presence.

Q: Oh, interesting.

RYAN: He had a good sense of humor, but he is sort of a reserved and confidence inspiring individual. Very supportive of staff. His wife Kathy was also an economist. I should say, Jim had a PhD in chemistry from Berkeley. He turned to economics during a chemistry post-doc at MIT and got a master's degree in economics there. So when he joined USAID afterwards, I think his first post was Tunisia, he was an economist. He had two or three economist posts, and then he moved into management and has held all the top jobs in USAID and turned down a couple minor Ambassadorship offers.

When I met him in Washington in meetings, he was somebody who was easy to respect and to like. That's why I regretted turning down the suggestion of going to Bangladesh in 1982. So when he suggested again that I take the Program Economist position in his next post, I really thought I had better not say no.

Jim left close to the end of my Pakistan tour. He was assigned to become Mission Director in USAID/Philippines, a big program -- the U.S. military bases were still there at that time. At the last minute, there was a change in plans and instead he went to Moscow to open USAID/Russia.

Q: Ah. Of course.

RYAN: Jim was succeeded in Pakistan, right at the end of my tour, by John Blackton. Blackton was known inside USAID as an intellectual and an internationalist. I think he was born in China. He was a professor at the War College for a long time afterwards. I was curious to meet him, but we only overlapped very briefly.

My Work in Islamabad

So my role was to do economic analysis, to inform mission policy. Pakistan was starting a series of IMF programs at that time, a series that has continued virtually without interruption until just last year (2016), I think. IMF writes papers about prolonged relationships, which are not supposed to happen in its system, and Pakistan is kind of the poster child for prolonged IMF relationships. So there were constant macro issues in Pakistan.

One thing I knew, from my experience in Kinshasa, that I needed for that kind of work was PCs for me and the other economists in the economics unit in the program office.

Q: So at this point in your stay in Pakistan, there were no desktop computers to work with at all?

RYAN: No. In that era, when I showed up in PPC in 1981, the Wang system was just arriving.

Q: Yeah, that would be right.

RYAN: They were mini-computers that used distributed processing. The workstation itself was basically a PC with 64 kilobytes of RAM (random access memory) and an 8-inch floppy-disk drive. It was basically considered a better version of an IMB Selectric. You could erase your typing before you printed it out. You could edit. And you could save the things. PCs themselves, for the spreadsheet type of computing, were not yet common.

Q: Yes, correct.

RYAN: I remember in Kinshasa, one of the guys in the Financial Management Office was using, I guess he probably got USAID to pay for it, an Apple II for spreadsheets.

Q: Wow. OK.

RYAN: But I think USAID/Pakistan, as big as it was, was a little bit behind on this. My predecessor was a good economist named Paul Mulligan who personally preferred a dictating machine and yellow pads. So he was fine with what the mission was offering.

But when I arrived I said, "Look, we need a PC for each of the economists." Of course, the mission's policy was, well, maybe for every five professionals there might be one PC out in the hallway somewhere.

Q: Yeah. It's interesting that you mention that because yes, in the State Department Wangs were the principal means for word processing for quite some time. Certainly in the period you're talking about, '89, '90, '91. And to the extent that anything more sophisticated was available, it was only in very limited office, for example maybe in the

secretary's office, which allowed people to do more than word processing and simple email.

RYAN: Right. Well, what I noticed, and it was both at the USAID mission and in government offices, is that there were PCs, but only the boss got one.

Q: Correct. Exactly.

RYAN: The Mission Director had a PC. Jim was a person with a PhD in chemistry and not somebody who is allergic to analysis, but his PC gathered dust. He wasn't going to be typing letters or running regressions. He had his own job to do.

Q: Right, right.

RYAN: In government offices around town, the boss might have a PC sitting in the corner. And sometimes the secretary would actually come into his office to use it, but the point is, the secretary didn't merit one, only the boss merited one.

Q: Right. And I should say, I also observed in that period in various offices, there were still secretaries who took dictation in shorthand, and typed the memcon or whatever it was longhand on a Selectric typewriter. It was sort of the pivotal moment in history.

RYAN: Anyway, PCs were rare, and I had to go through a bureaucratic battle that seemed epic but that obviously was pathetically small. I did get the PCs, and in fact I got authorization to spend a couple hundred dollars for a little LAN-in-a-box (local area network), so I connected our PCs into a wired LAN myself. That was pretty cool.

Q: Good heavens. That is remarkable, yeah.

RYAN: You know, running the wires up through the false ceiling and down into the neighboring office.

But then I learned about email. Email didn't exist as we know it, and the Internet didn't exist. But the Wang system did develop, while I was in Islamabad, a primitive mechanism for sharing documents and printable messages with Washington.

Q: Correct, yes.

RYAN: It wasn't easy. You had to take your document on a disk to the IT (information technology) section and they would work some magic and it would be sent off. You didn't have to type it up in OCR-B and have it read through the optical character reader at the Embassy to go as a cable.

I used the Wang email facility two or three times but I'm not aware of anybody else using it. Its particular advantage was in transmitting reports, so maybe it was natural that mission economists would be interested.

And then, one day for some reason I was in an office chief's meeting. Not being an office chief myself, normally I wouldn't have been there. I think they invited the mission economist occasionally for consultations.

At this particular staff meeting, the IT guy was reporting about a new facility that they were adding, which was true email -- in other words, desk-to-desk email.

Q: Right, right.

RYAN: The system I mentioned before went through a central office and messages had to be delivered.

Anyway, our IT person finishes his report that includes in passing a mention of this new type of email, and the sense in the meeting was "That's nice, now let's keep going around the table." Remember that many of the office chiefs had or could have had PCs but in general weren't interested.

But I was stunned by what the IT person seemed to be saying and had to interrupt the meeting (which I wasn't even supposed to be in) to go back and clarify if he really meant what I thought he had said. Once I had it straight, I looked around the table at all the office chiefs and front office people and said, "Every one of you is going to get a PC and you are going to use it all day long, every day."

Q: OK. So you were rather prophetic about that.

RYAN: They just looked at me, no comment, no reaction. And then the meeting went on around the table. I really don't know whether they understood what I was saying. Of course, I was the one who had already made a fuss about getting PCs for the economists. But the rest is history.

Q: Right. Exactly.

RYAN: Some people regret it.

Q: Yeah. I understand, sure. I think though, eventually everybody became adopters even if it was slow and grudging.

RYAN: And even the guys that were around the table, they all, before I left post, did exactly that. I don't have to tell you, with email you get to go around to all the rest of the bureaucracy. You can talk to people in Washington directly. That was a revolution.

Q: Right, right.

RYAN: And of course people also asked, when email got going, whether email messages needed clearance to go up the line.

Q: Yes, I remember that discussion as well.

RYAN: That didn't get very far.

Q: Right.

RYAN: Anyway, I did feel there was some stodginess in the mission. I think USAID missions take on the characteristics of their environment a bit, and the Government of Pakistan set the tone.

Economic Analysis

As regards economic policy, Pakistan was not a trendsetter and has remained that way. Although it did just finally graduate in 2016 from its most recent IMF program, what I'm reading now suggests that it's heading back into the same problems as ever: fiscal policy, energy pricing and energy sector management, urban infrastructure, not to mention human rights and war and peace.

The economic policy research that our group was doing included things relevant to the IMF balance of payments issues that Pakistan has had continuously for this whole past generation.

Q: Well, let me stop here one quick second. The kinds of basic data that economists need both in the financial sector and in the commercial sector, how reliable were they in Pakistan at that time?

RYAN: Let me back up and say that people underestimate how hard it is for any country to create macroeconomic data. You don't say, "OK, let's create some national income accounts. I'll take care of it." It's a massive undertaking, and there are conceptual and operational difficulties that are so big that one wonders really sometimes even in the United States how much to believe.

Q: OK. Fair enough.

RYAN: That said, Pakistan was not bad in terms of what it had for economic data.

Pakistan has a hugely talented upper class, very sophisticated. I would say a whole lot more so than, let's say, Peru, which is much wealthier. But to me, Latin America continues to be a bit isolated and parochial compared to a place like Pakistan actually.

Q: Interesting.

RYAN: There are a lot of assets in Pakistan. But they don't always rule the roost.

Q: OK.

RYAN: Anyway, one of the things that was important to me about the PC, was to be able to put together the databases that we needed to do that kind of work. Macro stuff like the impact of tariff reform is an area that we worked on. I engaged with the universities and policy organizations like the Management Association of Pakistan, spoke at conferences, and so forth.

But it turned out that this wasn't that important to the mission and its staff. The government was not going to be responsive. Jim Norris understood that from experience. The thirty years since those days haven't done anything to suggest otherwise.

So why ruin the atmosphere for the capital projects that we were doing for schools and the health sector etc. by preaching to people in a way that was likely to be both futile and annoying? Especially since the IMF was involved anyway.

I mentioned that the first half of my thirty years were spent as an analyst and strategy person, and the second half as an implementation person. You can see the limitations of the first role strikingly in Pakistan.

Q: Right. Well I guess actually the real question I'm asking is, with the amount of data that you had available, were you confident that programs in areas such as customs reform and so on, would have the impact you wanted it to have?

RYAN: I think that's a different kind of data you're talking about, data for impact evaluation. I think the answer would have been yes, probably. Impact would have been visible in the statistical system (although attribution isn't easy).

Pakistan's institutions produced a lot more usable data than Zaire's did. Pakistan had been getting priority attention from the likes of the World Bank going back to the late '50s. So there was a lot of material available. The challenge for USAID program economics division was to put in a usable form and then to use it.

Q: Undoubtedly Pakistan, like any other country, has a gray market, has a fair amount of people who are working off the books and so on. And so what I was driving at was, to what extent were you confident that in framing economic policy recommendations that you knew as much as you needed to know and could make reasonable projections based on the data you had?

RYAN: I think you can do that, although you need to have your wits about you. But one of the things that has been a professional constant in my career has been the distinction between officially administered prices and market prices, which I think goes to the issue you're raising.

Q: Right. Exactly.

RYAN: One of the main pieces of analysis I did in Pakistan was on consumer price controls on wheat flour. Not wheat per se, but wheat flour, which is what the consumer buys. The analysis was about the structure that policies like that create for producers and consumers -- flourmills and retailers. The theory that market pressures are always present helps you avoid being fooled into assuming that actual behavior conforms to official announcements.

I tried hard to get USAID's agricultural office staff, the Pakistanis, engaged in figuring out and describing how the interplay of policy and market pressures worked out in practice. Unfortunately, although I got their admiration for my efforts, I never felt that I got them to engage substantively. They deferred to me too much.

When the paper that Shaheen Rafi Khan and I wrote on this was eventually published, finally we got some useful feedback on the institutional setup from readers. It turned out that some of our assumptions were wrong, and that affected the conclusions of the analysis. So we learned from the effort. I just regret that the mission staff itself was not more engaged.

Q: I see. OK.

RYAN: But going back to your question, maybe you're thinking about fudging of tax revenue data and so forth. A couple years ago we learned the Greek government was doing it. So it can happen, but nothing like that came to my attention in Pakistan. And the IMF is pretty sturdy about getting into stuff like that. They provide technical assistance that helps enforce good practices.

Q: You're right, that is precisely what I was driving at, the extent to which stuff gets altered for one reason or another.

RYAN: It never came to my attention in this context.

Q: OK.

PL-480

RYAN: PL-480 was a big deal in Pakistan, and there was a new PL-480 Title III program that I was responsible for documenting and getting approved. Title I is the original commercial sales for inconvertible local currencies, which was to dispose of surpluses. Initially, those were literally commodities that were already in warehouses, owned by the U.S. government and they needed to get rid of.

Title III is a later-generation program, which it is a grant, not a sale for a local currency on credit terms. It was meant to be development assistance.

The system had changed so that the Secretary of Agriculture merely certified that given commodities were available for the program without creating shortages in the U.S. As

was the case when I was in Kinshasa, appropriated dollars were used to buy commodities from the market. Then they were given to the host government for sale.

So the Title III program was a relatively new grant-financed program. The Pakistan mission had to justify a proposed program of \$80 million dollars a year for three years, and the main justification was its fit in the balance of payments situation and the IMF program. Part of what the IMF cares about is, believe it or not, how fiscal expenditures are managed, in terms of the impacts on different sectors including nutrition.

Q: OK, interesting.

RYAN: The IMF doesn't want to get tagged for being responsible for the wrong kind of expenditure being cut back when some government expenditure is going to be cut.

Q: Right, right.

RYAN: Having donors come along and fill in financing for a priority sector within what's otherwise fiscal austerity is handy for the IMF's program. So our analysis related to the food aid grant program related to both the balance of payments and to the food sector itself.

At that time, Pakistan's repayments of past Title I loans and project loans, going back to the '50s, cost them about \$80 million a year. So we noted that our Title III program would move things back to a net zero position.

Q: Right.

Private-Enterprise Support

RYAN: I had the opportunity to move on from this to private-enterprise development. It parallels my experience in Kinshasa in that way. The Asia-Near East Bureau was interested, and a Private Enterprise Officer named Dick Goldman came to post, I think in 1990, and set up a Private Enterprise Office. Again, he was half of a tandem couple with Heather Goldman, who was a Health Officer.

So we teamed up, Dick and I, to do the analysis and design. And then Gordon West arrived at the mission to head the Project Development Office (PDO), which was separate from the Program Office. Gordon also took part of this planned private enterprise program. So we developed the analysis and then a concept paper for a private investment expansion program, \$180 million, and got it approved.

The Aid Cutoff

But then the whole thing was dropped on account of the aid cutoff.

Q: Oh. And now the aid cutoff was related to the nuclear issue, as I recall?

RYAN: Exactly. Maybe first I'll jump back to April 1979, when Jimmy Carter cut off most U.S. aid to Pakistan in the context of plutonium enrichment. Of course, Bhutto had just been hanged and Zia was cancelling elections. It took all of eight months for that to be reversed, after the USSR sent its military into Afghanistan to defend the regime there. So then, here we were, ten years later, and the USSR pulls its troops out in the same month I arrive, February 1989.

Q: Right.

RYAN: In the meantime, under Larry Pressler's amendment to the Foreign Assistance Act passed in 1985, the Congress was requiring that aid to Pakistan stop unless the U.S. President certified that there was no nuclear weapons capability or proliferation violation. Presidents Reagan and Bush had been making these certifications for Pakistan for several years. Everyone believed that there was still nuclear weapon development going on, of course.

And then, in February 1989, the Russian troops left Afghanistan. The USG decided to make just one more certification in 1989, and in 1990 not to make a further certification. So in 1990, my second year at post, President Bush admitted that Pakistan had the componentry and abilities to quickly assemble a nuclear device if they wanted to.

Q: Right.

RYAN: All USAID's funding obligations as of the following fiscal year, which would have been fiscal 1991, were therefore going to be zero.

Q: Wow.

RYAN: And so at that point USAID in Pakistan had to "make do" with what was left in its pipeline: about \$700 million. A closeout plan was approved in 1991 that ran through the end of fiscal '95, and I think the mission actually lived a couple of years even after that. Humanitarian aid of some kinds could be approved under the Pressler Amendment. But any appropriation and any obligation for a new program like the private investment expansion program that Dick Goldman and I worked on, that was out the window.

Q: Right.

RYAN: And so in 1991 I requested permission to bid early to go to a new post. That was denied -- I've never quite understood why. It wasn't until 1992 that permission to bid early was approved.

Gulf War and Evacuation

But before that happened, we had the 1991 Gulf War. That was advertised well in advance and there had been several false starts and opportunities for voluntary

evacuation. But then in the first hours when bombing actually started in Baghdad, a mandatory (but partial) evacuation was ordered. Everyone got a call at home at about dawn, saying, “The bombing has started, pack a suitcase and a bus will come by for you.”

So Paulette and I, with one suitcase each, went to Washington DC in January 1991. We found an apartment on Clarendon Avenue. I did various jobs, initially with the “mission in exile” for Pakistan, and then in USAID/Washington. Actually, one thing I did was fairly interesting: a 20-plus page paper on Eastern Europe’s financial institutions and their directions for development for Paul O’Farrell, a USAID economist there who had been a supervisor of mine in PPC years before. But since I was coming up on my home leave date, I got permission to go from evacuation to home leave.

Q: Remarkable. I’m not sure I know many people who have done that.

RYAN: Yes, it caused a little administrative head scratching. But I was just being logical and they eventually said yes. So we went on home leave for eight weeks and by that time the evacuation had been terminated. And so we went from home leave directly back to post.

Q: And during that time were your quarters kept safe?

RYAN: Yes. Including our dog, Mattie, who we couldn’t take with us on evacuation, obviously.

Q: And basically being cared for by the staff you had at your house?

RYAN: Yes, in our case by our cook, and luckily also by a USAID colleague, Christine Sheckler, who was not evacuated and, as a dog owner herself, agreed to look in on Mattie regularly.

Leaving on such notice, with no time to prepare for what was left behind, was especially traumatic for Paulette, who felt responsible for the house.

No one who stayed at post had any trouble, by the way. But of course people were nervous about it. I mean, after all, the Pakistanis had burned down the American Embassy in 1979.

Q: Right. Exactly.

RYAN: An interesting story about that was that the USAID building wasn’t in the diplomatic enclave but in the government sector, which is closer to the commercial and residential parts of town. So the busses of students that were descending on the American Embassy actually went first to the USAID building.

Q: Really?

RYAN: Yes. "OK, here we are. We've come to burn down the American Embassy." And so the security guards out front said, "No, no, no, no, no. This is the USAID building. To get to the embassy you go down here to the corner and turn left, and etc...."

Q: That's very funny. I mean just one of those....

RYAN: But now, we're located in the chancery building in Islamabad. Why? Security.

Q: Right.

Second Tour

RYAN: So by 1991 I was back at post for another 24-month tour. You know, USAID does pairs of 24-month tours.

Q: Oh, OK.

RYAN: I understand that State usually has a single 36-month tour. Obviously Iraq and dangerous posts are different, but normally it's a pair of 24-month tours interrupted by home leave for USAID staff.

Q: OK.

RYAN: Jim Norris said after his tour in Bangladesh that the biggest mistake he ever made was changing it from a one-tour post to a two-tour post. Posts considered to be of "greater hardship" due to a lack of commercial and medical facilities could be one-tour posts -- one 24-month tour. Jim changed it because he knew that people needed the greater continuity of two tours for professional purposes.

Q: Right.

RYAN: And he said that was the biggest mistake he ever made because, when it was a one-tour post, people felt safe about trying it and would bid on it. And then they got to post, they got involved in their job, they liked it, they realized they could survive there and they stayed for two or three tours.

Q: Wow. That is remarkable.

RYAN: But once Jim turned it into a two-tour post he couldn't recruit anybody to bid on it.

Q: Interesting.

Indonesia Export Services Study

RYAN: So I was back for my second 24-month tour in Islamabad and we were basically closing out. One thing I did in early 1992 was to take off for several weeks to serve as a member of a team that was doing the Indonesia case study of a global impact evaluation: a multi-country set of case studies on export promotion.

Q: That's very interesting. On how Indonesia would develop exports?

RYAN: Yes. Indonesia was one of several countries in that study. USAID/Washington's evaluation office within PPC did a number of multi-country impact evaluation studies. I actually participated in two. As I mentioned earlier, when I was in PPC, I went to Bangladesh where we had four weeks of fieldwork about an agricultural services sector evaluation. These evaluations were not for the missions' programs, but for PPC, which then rolled up the results for purposes of general knowledge creation and policy making.

So I took time off from my job in Islamabad, which had some slack at that point, to do this assignment for PPC. I learned a lot about export development from it. I was very impressed at the effectiveness of importing-country representatives in developing export-capable small firms as sources of inputs that their home-country firms needed.

Q: Interesting.

RYAN: In fact, a couple countries, Japan and Korea, had government organizations that help develop sources for things that medium-sized Japanese and Korean firms need to buy from low income countries: JETRO and KOTRA.

Q: So you're essentially looking at supply chain?

RYAN: Yes. A German mail-order catalog company -- a competitor to Spiegel -- whose catalogue was on something like 50% of all German living room coffee tables, would establish offices in places like Indonesia where potential suppliers could contact them. And if it looked like a supplier had potential, the office would work with them to communicate product specifications and commercial specifications like lot sizes and delivery schedules, and financing, and so forth. Having direct contact with the foreign buyer turns out to be a huge advantage in exporting from an emerging-market country.

Q: Oh, OK.

RYAN: The U.S. Commerce Department doesn't do that.

Q: No I imagine because they want to promote U.S. exports.

RYAN: Yes. And in the U.S. the idea that good supply chains make good exportable products is still somewhat controversial.

Q: Right.

Early Bidding on Nicaragua

RYAN: Anyway, after that work in 1992 I finally got permission to bid early. Ordinarily I wouldn't have bid until 1993. I forget how Nicaragua came up. But I know I had interest in seeing another region, and as regards Latin America in particular I know that at the time I was interested in learning about the macroeconomics of high inflation, which seemed to be the specialty of Latin American countries.

Q: Certainly at that time, yes, absolutely.

RYAN: The position I got was another Program Economist position in a Program Office.

Once I knew we were going to a Spanish-speaking post, I started on the language. I got a couple of used college texts and read those. The similarity to French made it all very familiar. The mission let itself be convinced to pay for instruction from an Argentinian who was living in Islamabad, so that helped too.

We moved from Islamabad to Washington DC in October 1992 to complete my Spanish training. By then, by the way, we had acquired a second dog -- a stray who came to our gate while I was in Indonesia. Our placement efforts fell through, so the new dog stayed.

Both dogs stayed behind in Islamabad pending our arrival in Managua: the new one with a vet and the old dog with Christine Sheckler, a USAID friend with a Jack Russell terrier who liked dogs and did us this huge favor.

I made shipping arrangements in advance. Even though those were the days when policy was that pets were entirely your personal problem, the USAID travel agency was willing to help. Given the policy, however, I wasn't too surprised when they telephoned me a week later to say that I would have to deal with the airlines myself -- with British Airways specifically.

It turned out that the problem wasn't policy. The reason the agency turned it back over to me is that they hadn't been able to convince the British Airways cargo people that Managua had an airport.

Nothing comes easy.

The airport argument was one that I eventually won, and I left the prepaid airfreight documents with the right people when Paulette and I departed.

Overall, I can't rate my first time in Pakistan as a successful tour. There was lots of analysis, but it was not that useful. The Government of Pakistan was not in the market for fresh thinking, and within USAID our strong sector offices didn't feel they needed "help" from the Program Office. (The CIP Office was an exception.) Bilateral relations were not

constructive or supportive, so private-sector analysis and design were cut short by the aid cutoff. Perhaps it's not surprising that the Program Economist position was scheduled to be eliminated after my transfer.

In the meantime, however, I had received a promotion to FS-02 at the end of my first year in Islamabad (November 1989), based on my work in PPC and Zaïre.

Managua: 1993-1997

Q: So today is June 27, 2017 and we are resuming with Joe Ryan as he begins his tour in Managua, Nicaragua.

RYAN: Right Mark, thanks. Actually after our last conversation I looked it up, and when I bid on the post that eventually got me the Nicaragua assignment, I listed Nicaragua fourth.

Q: Aha!

Spanish Training on the Way to Nicaragua

RYAN: There were some other economist positions listed for bids, including the Philippines where I ended up going afterwards. Anyway, after receiving notification of my assignment to Nicaragua I went to Washington for my Spanish language training in October 1992. The training ran from then until January 1993.

FSI was full and they couldn't put me in Spanish class, so I had the good luck of getting a contractor from the company CACI. My teacher was a Colombian guy, and I had four hours a day with him, one-on-one, and self-study otherwise. CACI's offices turned out to be around the corner from the long-stay apartment in Arlington where we were living (the same place we stayed during the 1991 evacuation), so this was a pretty good deal for me.

Q: Yes.

RYAN: I got a 3/3+ on an FSI exam in January, which was a couple of months ahead of schedule. I had a leg up with French and the studying I did before leaving Islamabad.

So I arrived in Nicaragua in January 1993. We were met by a Program Office delegation at the airport -- they were glad to see me.

Nicaragua as of 1993

Maybe I should start with some general context on where Nicaragua was at that moment in time. Violeta Chamorro was president and her son-in-law whose name was Lacayo was Prime Minister. They were busy rebuilding the government after the Sandinistas stripped it following their loss in the 1991 elections. The Sandinistas not only took all the office

equipment, but about a third of all the country's residential housing had been given away to the Sandinista faithful. Also, the university system had, at the last minute, been more or less donated to self-perpetuating Sandinista boards of directors with constitutionally guaranteed budgets. And as you pointed out the other day, the Sandinista party kept control of the army and the police. And of course the economy had totally fallen to pieces with mismanagement in the 1980s. So the new administration inherited a very debilitated situation.

As they came in and tried to put things back on their feet, they were confronting violent demonstrations in the cities and generally strident political opposition. There were burning barricades in the streets that occasionally we had to drive around ourselves, and deaths in the course of the demonstrations. So Violeta's government was confronting a difficult situation.

U.S. Divisions on Nicaragua

The U.S. itself was pretty divided about the course of events, and this affected the Embassy and USAID. There was a pro-Violeta point of view, including major U.S. budget support through USAID and citizen groups that were interested. When the 1996 election came around, I think USAID budgeted something that added up to about six dollars per eligible voter. It was a lot.

Q: Yeah.

RYAN: And who did we get? We got Arnoldo Alemán.

Q: Right. Who ended up being a disaster.

RYAN: Yes. His Vice-president, Enrique Bolaños, who was a straight shooter, won the next election and promptly put Alemán on trial, resulting in him getting jail time.

Then the election after that was won by Daniel Ortega again. Just to illustrate how rugged things are there.

But anyway, there was that pro-Violeta support side of U.S. policy, and I think of world opinion. But there was the anti-Violeta side also. And of particular importance to us was the private foreign policy being led by the Chairman of the Senate Foreign Relations Committee, Jesse Helms. He couldn't stomach the fact that Violeta had not only not supported the Contras and the Miami boys, but by staying in country and contesting the election, had actually won the election and showed the Contras up. Sen. Helms never forgave her for that.

Q: Right.

RYAN: Thanks to Sen. Helms, there were Congressional holds placed on our programs all the time. In fact, when I arrived in Nicaragua, and I don't know how many people

have been through this, the U.S. Government and State Department still regarded Nicaragua as a non-frat post.

Q: Oh, interesting. I didn't know that.

RYAN: Non-fraternization. U.S. direct hire officers were to report to the RSO (Regional Security Officer) any contacts with Nicaraguans outside official meetings. And we were to report to security any contacts with non-official U.S. citizens. Which nobody did, but it gives you a feeling for the atmosphere. The non-frat policy probably ended in 1994, although I don't remember the date exactly because it hadn't been enforced very zealously before that date.

Anyway, all the FSNs (Foreign Service Nationals) at USAID were AmCits (American citizens). These were folks who had left during the Sandinista period of extreme hardship, had gotten U.S. citizenship, and had come back. So they were considered acceptable, but basically we could only hire U.S. citizens as FSNs.

Q: Interesting.

RYAN: And on the anti-Violeta side, there were the victims of the confiscation who were pressing for action. And in particular the American-citizen victims.

Q: Ah, of course.

RYAN: Whose loss of property without adequate compensation triggered the provisions of U.S. law against providing foreign aid to any country that had not adequately compensated AmCits for property loss.

Q: Wow.

RYAN: And you've got to realize that among the *confiscados*, the people who had had property confiscated more were becoming AmCits every month.

Q: Wow.

RYAN: So the database of affected Americans in the Embassy's Econ (Economic) Section kept getting larger.

By the way, when we get to the Philippines, which was my next post, I'll describe a parallel between the series of events that Nicaragua was going through and a very similar series that the Philippines went through, it seems to me.

Q: OK.

Life in Managua

RYAN: Nicaragua is basically a rural country. It was never the cultural or urban center of the Central American region. When I served as an election observer in an outlying town, I guess it was in 1996, literally guys rode in from the countryside on horses and stood in line to vote wearing spurs. This is just truly cow country.

Q: Wow.

RYAN: Managua, you have to remember, in 1972 was a compact colonial city, or semi-colonial city, since it was built relatively late, of half a million people. That city ceased to exist one day in December 1972.

It wasn't as colonial as León or Granada, but those were partisan capitals for the Liberals and Conservatives. So Managua was established as a compromise capital situated between the two.

You can tell, by the way, that the prevailing winds in Nicaragua come out of the southeast and go northwest. León and Granada are both on the northwest corners of their respective lakes -- León on Lake Managua and Granada on Lake Nicaragua. So they both got the breeze coming in off the water to keep them cool.

Eventually León had to be moved because it was downwind from Mt. Momotombo, a volcano that partially buried it in ash one day. (Granada is a bit to the east of its nearest volcano, Mombacho.) So León ended up getting moved out into the dry agricultural plane. But initially it had been right on the northwest corner of the lake.

You can tell Managua was more recently established because it is on the southern shore of Lake Managua. So the wind comes off Managua and goes onto the lake, which is not very useful for the residents. But anyway, what I was saying is that Nicaragua is underdeveloped, relative to its region.

Q: Right.

RYAN: And not really a cultural center either. One thing we noticed when we were there is that there were hardly any bookstores -- many of them selling mainly religious literature like Papal encyclicals.

It's also not a very commercially oriented place. Part of that was the destruction of the economy under the Sandinistas. My wife was always surprised that the people selling things like handicrafts were not interested in haggling over prices -- they would rather not make a sale than lower their price even slightly. In all the other countries we lived in, or that she had visited in Africa, sellers always bargained.

We just missed it but a few months after we left in 1997 a McDonald's finally reopened. While we were there we got a American pizza shop and a Subway. We heard that the McDonald's reopening was such a big deal that the U.S. Ambassador officiated.

On the other hand, it's really a beautiful country. There are great beaches, which at the time weren't commercially developed except for the Montelimar resort close to Managua, which was being operated by the Barceló company from Spain. Nicaragua was the last place in the western hemisphere with a lot of Pacific beachfront property available. There are lovely tropical towns: Masaya, Granada, Las Nubes above Managua, Selva Negra in the mountains to the north, and so forth. There are volcanoes, lakes, islands -- it's really an awfully nice place, I liked it a lot.

Living in Managua, the capital, was relaxed. The houses were open and airy.

Two nice things for me I'll mention before I get into the work side. I loved our Saturday morning volleyball game at Casa Grande. Casa Grande was a colonial house on the top of a hill in the city. It had been the ambassador's residence in the old days before the 1972 earthquake, but was used for U.S. community events and recreation, as well as having rooms for visitors. It was a lovely place.

Surprise: Classical Music in Nicaragua

And there was music. This is interesting I think -- also for general background -- that Managua had a lot of classical European music as a result of connections with Eastern Europe during the Sandinista period.

Q: Interesting.

RYAN: The national orchestra, which was the size of a community orchestra in a U.S. town, was built on assets from that era: training in Eastern Europe, and Eastern European émigrés who had married Nicaraguans while they were in Eastern Europe on training. They were professionals.

Fortunately for me, there was one very good horn player who had had six years of training in Leningrad, as it was at the time. So I was able to take lessons with him, and in fact then we ended up performing a Vivaldi concerto for two horns a couple of times with the national orchestra.

Q: Wow.

RYAN: I remember that there was actually a lot of literature for the horn that he wasn't aware of. He had been isolated in the USSR and then isolated again in Nicaragua. I had a piano reduction of Vivaldi's accompaniment to the horn soloists, which he had to personally re-orchestrate for string orchestra so we could perform it with the national symphony.

And also he refused to participate in the nice chamber orchestra group that some of these Eastern Europe-connected musicians had created. The Camerata Bach, they called it. But he wouldn't play because they didn't pay anything. He insisted on getting paid for some reason. :-)

Finally, he left for the Dominican Republic when the orchestra there offered him a job that paid more regularly. Even Nicaragua's national orchestra was often months late on their payroll.

So as a result, I got to fill in for him, both with the chamber group and with the national orchestra, performing frequently. Managua has a big, high-quality concert hall, by the way, down by the lake. It's a Kennedy Center look-alike that had been built to international standards and survived the earthquake.

So one feature of living in Managua was that I got more music in my time there than in any of my other posts. That was great.

USAID/Nicaragua

Anyway -- about the USAID mission. It was a medium-sized mission but full-featured in the sense that it had three or four technical offices. Its Director was Janet Ballantyne when I first arrived, and George Carner later. Janet Ballantyne was quite well known in the USAID world. She was an economist and had been a Latin American specialist but then went on to become Mission Director in Russia and Counselor to the Administrator and so forth. So she had a very prominent USAID career and was already a very well-known person when I met her.

The mission had started up on an operational shoestring in 1991, but that had normalized by the time Paulette and I arrived in January 1993. When the first staff arrived in 1991, however, there was virtually no housing and, of course, the U.S. Government was still treating Nicaraguans as hostile. So staff had to share rooms in the Casa Grande with their families for an extended period of time.

By the time we arrived, people were in good housing and the discomfort of the initial episode was past, although there was still some legacy of ill will stemming from the hardships living at close quarters in Casa Grande. It affected Paulette and me because the people designated to be our sponsors were so upset by their own arrival experiences that they refused to do anything.

The house Paulette and I got also had a part of this history. Apparently, a USAID staffer whose family was becoming desperate about conditions in Casa Grande became so frustrated at the mission's inaction that he did his own housing search and found this house on the market. But the mission refused to lease it on some pretext, and the officer ended up departing early. The mission then leased the house and gave it to my predecessor as Program Economist.

We were very happy in that house. It was walking distance from USAID's office, and I did walk usually -- that was pleasant. Being close to USAID also came in handy when a brush fire in empty land next to our house threatened to jump the wall. Paulette got our maid to call the fire department, but they said they could only come if we sent them fuel for their trucks! So she called me at the office, and it turned out that USAID had a cistern truck that could put out fires -- and it had fuel in its tank, so it arrived in a few minutes and put out the fire.

Our house was actually two structures -- a bedroom wing on one side of a courtyard, with the kitchen and living space on the other side. The courtyard between them had two round fountains. We kept little turtles in them. We were across the street from the head of the Agriculture Office, Brian Rudert and his wife Miriam. We got our third dog, Romeo, a wonderful dachshund-pekingese mix, from a litter of Chachi, the Ruderts' dog. Romeo was Paulette's all-time favorite dog -- very cute and intelligent.

There's also an interesting story related to the USAID mission's office space. The mission had had to share space with the other embassy offices in the beginning (1991), but by the time I arrived, USAID had its own quarters, a private lease across town from the chancery.

The mission was paying the lease rent with appropriated U.S. dollars as a part of operating expenses. Over a period of time, mission management negotiated a purchase of the building from the private owner, for a price that I think was equal to about three years' worth of lease payments. The fun part was that the purchase was going to be made with local currency owned by the Government of Nicaragua, which was costless to the U.S. Government. As usual in these cases, the property would ultimately be the Nicaraguan government's property when USAID relinquished it, whenever that occurred.

But after agreement was reached with the owner, it took the mission something like two years to get the U.S. Government in Washington to approve the purchase. So we kept paying the lease. We probably paid the whole purchase price in appropriated U.S. dollars during the time the mission was arguing with Washington about whether they could use Nicaragua's money to buy it. That was crazy. I don't think I had heard of OBO before.

And the last wrinkle is that the mission's Regional Legal Officer who negotiated this was later, in 2013, indicted on charges of spying for Cuba.

Q: Oh, wow. I had forgotten that episode.

RYAN: Yes. She was originally from Puerto Rico. Apparently, long before she came to Nicaragua, the indictment says that she became a Cuban agent. Somewhere around 2013 her colleague had been arrested and started singing. And so the Legal Advisor, who I knew well in the mission, settled with her Swedish husband in Sweden and is keeping a low profile.

Anyway, the mission had a Program Economist position in the Program Office, as my two previous missions had had. And we had a new-entry Foreign Service Economist, Gary Linden, who became an outstanding USAID officer. He was very motivated. Privately, with his wife's help, he designed and executed a household survey of cookstove usage. He was a really good guy.

And we had a junior FSN economist who actually at one point resigned to attend Indiana University. That was a curiosity for me, given my personal background.

But anyway, I was in a Program Office lead by two Program Officers. Except that in this case, there was a lot of program management that my position was in charge of. So in that respect I think I mentioned at the end of my discussion of the tour in Pakistan that what I concluded you really needed to have to be an effective USAID officer in a mission is to be directly involved in project management.

Q: Let me ask you a quick question because when you mentioned the individual who did the cookstove survey, while I was in Costa Rica from 2009 to 2012, one of the initiatives in the Obama administration was clean cook stoves. Did that become an issue? Obviously for Costa Rica it was not an issue at all, they were well beyond the need for, or in most areas of the country, they were well beyond the need for worrying about the need for clean cook stoves. But I imagine in Nicaragua that would have been an issue. Was that addressed in any way by this survey that was done?

RYAN: Yes. I think that was what was motivating Gary. The presumption was that it was in fact a health problem for households and that there would be a market for an improved apparatus that would be not only healthier but also more economical in terms of fuel usage -- a better mousetrap.

Q: Right.

RYAN: So yes, that's exactly what he was engaged in. I think he was interested in energy in general. But in this particular case that's what he got involved in.

Q: Did you hear of any outcome from it?

RYAN: I don't specifically remember of having a cook stove program. We definitely had a health office -- we had a nutrition program that I got peripherally involved in a little later in my tour. So we might have followed up on cookstoves, it's just that I'm not remembering specifically.

Q: OK. That's fine. In any case, the program to get some variety of clean cookstoves out and to train people in their use certainly did come later because it did become an issue of interest to the Obama administration.

RYAN: I can well imagine that at some point even while I was there, our mission could have made a grant to an organization to follow up on this. That would typically have been

the way USAID would have handled that. It would have been identified as a cost-effective thing for U.S. assistance to do, and we would have made a solicitation and got people to bid on doing it on the basis of USAID's Scope of Work, which would have been based partly on what Gary Linden did. Sorry I can't provide more.

Q: OK, that's fine, that's fine. Again, I was just curious because it had become something quite important by the time I returned to Central America.

Economic Issues in Nicaragua

RYAN: Anyway, my work was more macro. The mission had already initiated, before I arrived, budget support cash transfers. We were about to sign an economic technical assistance advisory project when I arrived, and I created a microfinance project while I was there. I also created projects for the resolution of confiscated property cases, and I did some other research.

The cash transfers had started in 1991. I managed a \$40 million grant in each of my first two years. The number doesn't look big relative to the kinds of money I was handling in Egypt or in Pakistan, but on a per capita basis and relative to the size of the economy in the country, those were the biggest I've been involved with in my career.

For the one in 1993 when I first arrived, the government was having some trouble meeting the conditions precedent to disbursement. I conducted a lot of negotiation about what really were the best steps that were both feasible and represented real progress for them to take. I think President Clinton had already announced that we were going to disburse, so there was a certain amount of political consternation about the fact that the USAID mission wasn't approving disbursement yet. On the other hand, there were always people on the U.S. side who thought that we shouldn't be giving them assistance.

I must say that having as much Spanish as I did was absolutely vital to being able to hold these conversations.

Q: Right.

RYAN: The cash transfer was pretty important, so I got some credit for getting our disbursement made in a timely fashion and getting the USG off the hook. At about the same time, still in 1993, we were negotiating the terms of the following year's \$40 million cash transfer. For the first time, the U.S. included the progress on confiscated property issues as a condition precedent to disbursement. Moving bank lending and insurance back into the private sector was another program goal of the economic negotiations for the cash transfers. I went to Washington DC to defend the concept paper for the second year's cash transfer program, which was approved and signed.

A lot of 1993 and 1994 was spent with counterparts on this, and it's probably through that that I met the chief of the Central Bank, Mario Flores, who became a good friend, along with his wife. Mario was young -- he had started in the central bank as a low-level

assistant and had risen through the ranks. He's a very nice guy. His favorite U.S. music was the Sons of the Pioneers. Do you know who I'm talking about?

Q: That's interesting. No, I don't know that group or that genre.

RYAN: Oh, well, you have to go back. Roy Rogers was like their lead singer so we're talking about the '40s. So the Flores were nice people. Anyway, there was a lot of pretty intensive engagement with Nicaraguan counterparts on economic issues at that time. The economic technical assistance project was designed in principle and ready to sign before I arrived, but the final signing and then contracting to actually provide the assistance -- that was all my work.

BIDE and the Peruvian Connection

We were recruiting a company that would hire and manage the provision of economic advisers for a number of agencies in the Nicaraguan government. It turned out that the winning bid was from a consortium called the Development Economics Group (DEG), comprising DAI (Development Alternatives Incorporated) and the Boston Institute for Development Economics (BIDE).

DAI was (and is) one of the firms typically derided as a "Beltway Bandit" but that has real expertise and experience in managing projects for USAID in low-income countries, which is extremely valuable and hard to come by.

The BIDE connection was especially interesting to me, though, because that meant that Dani Schydrowsky was going to be involved. Dani is a well-known economist, originally Peruvian, who years earlier had been with Harvard's Development Advisory Service. Years later, DAS was renamed HIID, the Harvard Institute for International Development, and then was disbanded after a fiasco in Russia.

Long before that, however, Dani had been one of the development economists who moved across the Charles River and took over the Boston University economics department and gave it a development orientation. I think I first met Dani at BU when I interviewed for a job there in 1978.

It was the BU economics group who created BIDE, which I suppose you could consider the Boston University version of HIID. By the time BIDE and DAI had (as DEG) won USAID/Nicaragua's contract, Dani was in Washington DC with American University.

Anyway, Dani went out and recruited a team of economic advisors for Nicaragua who were all Peruvians.

Q: Interesting. OK.

RYAN: One guy was working in Spain, a couple were working in Washington DC, one was still in Peru I think. One may have been in Chile. Anyway, Dani gathered these guys

up and created this team of strong Latin American economists to fan out into the economic agencies in Nicaragua. And they helped those agencies do a lot of their institution building and policy making.

A couple years later, USAID decided to downsize its support for this economic advising, so we had to lay those guys off. But three of them got hired by other donors to stay on the job there in Nicaragua.

Q: Interesting. Wow, so they had made enough of an impact that they were known in the donor community.

RYAN: Yes. And, by the way, to anticipate a bit, by the time over fifteen years later when I was assigned to Dani's home country, Peru, Dani had become involved in political campaigns there and then had been appointed head of the supervisory agency for all Peru's financial institutions. So from 2012 to 2014, he and I were colleagues again, except that this time we were both residing in the same place, Lima. His fascinating wife Irene was with him, and Paulette and I enjoyed getting together with them.

On the other donors picking up the economic advisors that Dani had mobilized for us in Nicaragua, you know, Managua is a small place. Although the original, relatively compact city of 500,000 basically ceased to exist in December 1972. The ruins from that earthquake were still there when we moved to town in 1993. Avenida Roosevelt, which had been the Wall Street of the country, was, I'm telling you, it was a cow pasture.

Q: Incredible.

RYAN: Cows eating grass. So when we arrived, Managua was a city of two million, but it was doughnut-shaped -- suburbs surrounding the center, within which basically nothing had been rebuilt. The InterContinental Hotel was still there because it survived the earthquake. The National Theater also survived, on the lakeshore across from the cathedral, which did not survive. Most of the rest of the central city was either in ruins ready to fall down, but not yet pulled down, or was literally cow pasture.

I remember going to the city block there that had been the site of the leading *colegio*, the leading private high school of the country. It was just fruit trees and thrown-together housing. The high school hadn't been rebuilt. I liked to see if people could guess what was the one structure from that *colegio* that still survived at the time I lived there. No one could guess, of course. It was the swimming pool.

Q: Oh my goodness.

RYAN: Swimming pools don't fall down.

Q: I guess not.

RYAN: The pool was full of garbage at the time I walked through. Otherwise the area was like a country village. It illustrates how things had changed, what the impact of the earthquake and subsequent events had been.

Assistance on Resolving the Confiscated Property Problem

In addition to the cash transfer programs and the economic technical assistance project, there are two projects that I created on my own. One had to do with the confiscated property issue. Through Law 85, passed just before they left office, the Sandinistas donated to the current residents, as of a date in February of that year, the houses that they were in. They made them their private property. It's referred to as La Piñata. You know, like the bag full of candy that you swing a stick at, at birthday parties.

Q: Right.

RYAN: So that was *la piñata de las casas*. Something like a third of the residential property in the country was affected by this, and a lot of those were houses that the better-off Nicaraguans had left behind when they took off for Costa Rica or the States in the '80s. So the original owners were either back in Nicaragua or at least wanted some compensation even if they weren't back. There was initially some question of whether they could get actual possession or not. It had pretty much been decided that eviction and recovery of possession wasn't in the cards, so that there would have to be financial compensation.

Q: Right.

RYAN: Under the Sandinistas of course, these people were considered criminals or they were considered to have abandoned the property, so that there was no compensation likely. But that's not the view taken by Violeta -- or obviously by the U.S., which was that this was an improper taking and that some compensation, if not restitution, was required. But the government didn't have the money, and also had to deal with the opposition that didn't think compensation was proper. It was a very divided government with the Sandinistas still very much present. Violeta had been a Sandinista if you remember. She was in the original junta.

Q: Right, right.

RYAN: She left the junta in '79. That was one of the reasons maybe somebody like Sen. Helms wouldn't have trusted her too far. But as regards resolving the confiscated housing cases, the government -- well, this issue was just festering, is the right way of putting it.

The government did ask the U.S. for assistance. I was at a meeting where the Finance Minister asked the Ambassador. But we were paralyzed. I know our Mission Director, Janet Ballantyne, literally said in so many words that she didn't want to touch it. This was like the third rail of the economic management issues in Nicaragua.

Q: Well, they understood that in effect, what they were asking for was the U.S. government to pay off U.S. citizens for confiscations committed by the Sandinistas.

RYAN: Well, that might have been nice I guess, but it wouldn't have been legal.

Q: Oh no, that's what I'm saying. I mean, if the Nicaraguans thought that the U.S. government was going to be the source of the funding for the claims.

RYAN: Yes, that's an excellent point. But we did include a target in the cash transfer of 1994 for the number of confiscation cases resolved, including a target for American citizens. But in terms of technical assistance to get the job done, we didn't have anything.

And so eventually I just said, "Well, let's see." I got a junior Econ Officer and we went over to the government's office that was dealing with this and started exploring what to do. And out of it came two results.

One was I used that technical assistance contract to hire an adviser, separate from the DEG group, to come and work on this. It was like a short-term, one-person task that we advertised for. The date for applications came and went and I didn't get any applicants. But the day after the deadline, I got one: John Strasma, a professor from the University of Wisconsin in Madison. A very senior guy who was a professor of Public Finance and Economics but who had become a land reform expert. So we ignored the date problem and hired him.

He did just a fabulous job, in particular in setting up a system of bonds that could be sold to finance compensation. This was the era of Brady bonds and everything else that was going on from a few years before that. I don't know if you remember that from the credit crashes in the region.

Q: Sure.

The compensation was meant to be a Brady bond look-alike. It involved a certain amount of technical assistance to the fledgling Managua stock exchange to create management and some liquidity for the bond. According to my notes from the time, the bonds apparently attracted about \$80 million in investment. But anyway, John did a lot of handholding and problem solving. He really did a great job.

The second thing we did was that we took what we learned from the government office and figured out how they would need to build up their own capacities. Administrative strengthening. Those ideas were picked up by the UNDP (United Nations Development Programme), which designed a substantial project that became the main overall donor approach to helping the country on this issue. USAID ended up supporting a major IT (Information Technology) investment that was part of that UNDP-led project.

One of the events that I remember best is that the UNDP was having a conference on the project and Jimmy Carter came to Managua to participate. We got John Strasma on the

plane with him as he flew in from the States. And so that was a good endorsement for our assistance.

Q: Right.

RYAN: The Ambassador said it was the best thing USAID had done in the country. You see, the Secretary of State needed to issue waivers to avoid the aid cut-off legislation from being put in effect. So if not actual progress, then we needed at least to have a process that would lead to actual progress. And this is what our initiatives did. So people were pretty happy that USAID actually ended up doing something.

I was also gratified that John Strasma used the long summary that I wrote about the confiscated property problem as a reference in the classes he taught when he went back to Madison.

Q: Now what about microfinance aspect? You haven't really talked in any detail about that.

Introducing New-Model Microfinance to Nicaragua

RYAN: Yes, I did design and launch a microfinance program with the World Council of Credit Unions as the implementer. WOCCU, if you've ever heard of them, has their headquarters in Wisconsin, but is literally the world council of the national apex organizations of the credit union movements in scores of different countries around the world.

Q: Interesting. OK.

RYAN: And WOCCU had also developed a technical assistance capacity for credit union development.

Employee credit unions are a great way to get microfinance done because the employees have a steady salary coming in, which provides the credit union a deposit base. The employees who have good investment projects, small businesses or housing, etc., can borrow. So that's a good microfinance model. The other model is the Grameen Bank model for people who are self-employed and doing commerce in town. WOCCU was very hip to all of the approaches and they basically introduced new-model microfinance into Nicaragua.

There had been lots of small credit programs in the past in Nicaragua and everywhere else, many of them mainly for agriculture. But they were typically quite politicized: they didn't bother to recover their loans, and they just crashed financially. In fact, one of the other bidders on our microfinance project challenged the contract award to WOCCU on the grounds that a previous lending program that WOCCU had managed back in the 1970s still had loans outstanding that had never been recovered. The disappointed bidder alleged that WOCCU was going to improperly use its contract under our program in the

1990s to recover some of those loans. The protest did not seem to have much substance, so we went ahead with the contract while going through the protest procedures diligently. The protest didn't prosper. But the point remains that the carcasses of failed credit programs from the past just littered the country.

The new model, which dates from around 1990, is based on quick-turnaround loans with emphases on recovery and financial integrity. It prospered all over the world and did well in Nicaragua until Hurricane Mitch blew the borrowers away in 1998, a year after I left. That hurricane was another major disaster for Nicaragua.

The microfinance program supposedly should have been designed by our mission's Agriculture Office. But they were busy and I was professionally more interested than they were. So again, I just said, "OK, I'll do it." One of their staff looked over my shoulder, but I ended up doing the whole thing. Once WOCCU was actually contracted and on the ground, the contract management was assigned to be somebody in the Ag Office. But that was after I had done all the work to get it going. I learned a lot from that, it was great.

It was because the work I did in developing the microfinance program that I ended up coordinating with an organization called Nitlapán. I don't know what the name stands for, if anything, but it was a Sandinista organization to support cooperatives that the Sandinistas had created. But they had come to realize that the old haciendas' ex-peons, who were members of those cooperatives created by the Sandinistas out of the haciendas, were hardly being treated any better in the co-op than they were before. So Nitlapán had started a program of legal assistance program to give the co-op members a better deal and particularly to give them the rights to get their share of the co-op's land for private use.

A lot of the co-ops weren't doing anything, just camping on the land, not using it, and not giving anything to the members. There were financing issues as well as legal issues in moving on from that.

Anyway, people in the mission who considered me a pretty technical economist were amused by my relations with Nitlapán. One guy said, "Well, it's not exactly Nixon going to China, but having Ryan work with Nitlapán is close." But I liked them.

Q: But now how was the overall macroeconomic situation that Nicaragua was in from when you arrived to when you left? Because I mean, it's one of the poorest countries, it's always subject at any moment to changes in oil prices, changes in commodity prices, you know, it's always being buffeted by externalities. How did it.....?

Managing a Mini-Currency

RYAN: Right. While Paulette and I were there, 1993 through 1997, four and a half years, it was past its most recent bout of hyperinflation, it had created a new currency, the Cordoba Oro, and it was pursuing a policy of a constant rate of depreciation of the currency against the U.S. dollar. So it was a fixed exchange rate, except it wasn't fixed at

one number: it was fixed at a foreseeable set of numbers. If the policy changed, it wasn't the exchange rate that would be changed, it was the percentage rate of devaluation of the exchange rate per year that would be changed. You were talking about percentage points, rather than Cordobas per U.S. dollar.

Q: Was that enough of a forecasting tool that there could be increases in investment?

RYAN: Yes. I think it was a period of relative macroeconomic stability.

Q: OK.

RYAN: One last thing I should mention was the research and writing that I did while I was in Nicaragua.

The most interesting macro problem for me was the exchange-rate mechanism. Nicaragua's currency, the Cordoba Oro, had an issue about how to maintain financial stability, in the sense of not leading people to panic over what the exchange rate was going to be. Nicaragua had a history of hyperinflation and it was clear that instability was still a potential issue that could erupt at any moment, although in the meantime they were limping along.

After reviewing other studies, including those of the well-known Latin American economist based at UCLA, Sebastian Edwards, I wrote an essay discussing the different phases that Nicaraguan policy had gone through, the choice of exchange-rate regime, and the questions of a nominal anchor. In particular, I described a possible process for pegging the currency more closely to the dollar. (In neighboring El Salvador, Manuel Hinds, who was Minister of Finance starting in 1995, went farther than what I suggested.) I shared what I wrote with other people, and I was gratified to get a positive review from Dani Schydrowsky in particular.

I mentioned my summary paper on the confiscated property problem, and I also did a paper on employment policy that the World Bank staff used in their poverty assessment for Nicaragua.

A Tangent: Demographic Analysis

Right at the end of my tour, I had finished the program development work on property, microfinance, and economic advice and had handed those things off, so I had time for a small demography project. In part of my job of providing economic data for USAID colleagues, I had been embarrassed about not realizing how far off Nicaraguan census results were, or indeed how problematic physical censuses are in general. So I figured I needed to spend some time on it to get up to speed.

Nicaragua's most recent census data was only a couple years old and was pretty much gathering dust while the country dealt with pressing, immediate problems. But I got the

data and reached out to the U.S. Bureau of Census to get the computer programs it used at that time to organize and study census data.

Unfortunately, the Census Bureau computer programs weren't terribly user friendly. But I got quite lucky in recruiting a summer research assistant, Nathan Geisinger, a high school kid who was the son of one of the State Department people in the Embassy, who was about to go to Carnegie Mellon the following year. This kid, Nathan, got hold of that software and completely figured it out.

Q: Wow.

RYAN: Yes, he was brilliant. The experiences of working with people like Gary Linden, John Strasma, and Nathan were really great.

And so we were able to use the U.S. Census Bureau software to compute the first life tables from the then most-recent Nicaraguan census. Life tables basically show the life expectation and so forth for people born in different cohorts. I was printing out and photocopying the clean copies of that study in my last days before leaving country.

The specific problem that had attracted my interest was that popular estimates of Nicaragua's population varied by 10% from previous census results, which was important for the election support that USAID was providing.

Q: Oh, I see.

RYAN: I had been debating with colleagues about this: "How can your estimate of the population be so much bigger than what the census shows?" And they said, "Well, the census missed it." And I said, "Well, how do you know what it is then?" And they really didn't have an answer except for what some very interested parties claimed what it was. So that's what got me started on trying to learn about physical censuses and how to interpret and use the data. And sure enough, they are frequently quite inaccurate. (Including in the U.S., by the way.)

An Economic Strategy for Nicaragua?

Q: OK, so as we're approaching the end of your tour here, just blue sky, what would have advised anybody who had some power to do in Nicaragua to get its economy or get GDP growing, to some reasonable point?

RYAN: I haven't thought of a question like that relative to Nicaragua for a long time. In the last 25 or 30 years, the priority has gone to finding a potential export industry, or to linking up with the supply chain of a global industry. Nicaragua, though, is not a very attractive location for industry, and it has very little of its own. It's the least developed country in Central America.

Q: Right.

RYAN: And so more likely you have to think about rationalizing the production that's for local consumption. There are many needs and you could have had some homegrown growth there. But I think a big part of the solution required having a financial system that people are willing to hold assets in.

Q: I see.

RYAN: Because you can't have a business without investment in its assets. And you'll need to have financing, whether it's just commercial financing, capital financing, or investment financing. But if people are panicked about the financial system -- the currency, the stability of banks, the liquidity of investments, whether exit is possible -- you know, if you don't have confidence about these things, then organized business becomes difficult. Even when you've got obviously valuable but underutilized assets for commercial agricultural production.

Q: Right.

RYAN: If your money is going to be stolen, or if it's going to become worthless one fine day, you can't organize a firm or an industry around that. So I feel as if what we at USAID were doing was essential as a precondition for creating the economic climate for allowing that to happen.

One of our allies was a chap named Eduardo Montealegre, who at the time was a young guy, one of the elite of the country, running a bank -- I guess his family ran it. He ended up being the candidate against Daniel Ortega in one of the recent elections, maybe 2011. He didn't win, of course.

But if you stick to agribusiness and local needs and a certain amount of export markets, there are a lot of improvements that could be achieved in Nicaragua.

And then there is urban commerce, and that's where micro-finance is involved. The World Bank also, by the way, was mapping out a road rehabilitation strategy for the country.

So those things together are the best, most realistic strategy you could have for Nicaragua.

Of course, a hurricane that blows everything down is the last thing you need, and that's what happened after my departure.

Q: Sure. Alright. So perhaps this is a good place to break since you are now approaching the end of the tour in Nicaragua, and we'll be able to pick up on...

RYAN: We're about to move to Nicaragua's closest neighbor to the west -- the Philippines. Manila is due west of Managua, and there's basically nothing above water

between the two of them. Also, they both begin with “Man,” so it was a challenge for the APO mail system to keep up with us.

Q: OK, very good. Alright, let me pause here.

Manila: 1997-2003

Transition to the Philippines

Q: Today is June 29th, and we’re resuming with Joe Ryan in his next tour in the Philippines. And it looks like, if I’m correct, you’re there from 1997 to 2003?

RYAN: Right. September 1997 to August 2003, just short of 6 years.

Q: OK.

RYAN: We made a direct, mid-tour transfer from Managua to Manila. We flew through Houston and overnighted in Los Angeles, and then through Tokyo to Manila, without home leave or anything like that.

I’ve been trying to look up documentation about this because we mainly made mid-tour transfers between our posts. The transfer from Pakistan to the Philippines, I forgot to mention, was also mid-tour, and that had to do with the Pakistan program being cut off from further appropriations over the nuclear issue and my getting permission to bid early.

Q: Right.

RYAN: My second two-year tour in Islamabad began in 1991, after the 1991 Gulf War evacuation to Washington DC and home leave. It continued through departure in August 1992 and through four months of TDY (temporary duty) in Washington where I was having Spanish language training. It was finally completed in Nicaragua in the middle of 1993.

But the four months of mid-tour language training in Washington was misinterpreted by HR as a Washington rotation.

Q: Ah, right.

RYAN: In the Philippines, I ended up extending both my tours, so it ended up that I was there just about six years. And by tours, I mean both of the normal, two-year tours.

Q: Right.

RYAN: I would have done five years in Manila, but when I was bidding in 2001 for assignments in 2002 I was disappointed at the results. Actually, I was offered a job in

USAID/Russia, a big, multi-office job, but the mission would not approve any language training before arrival at post.

Q: Oh, wow.

RYAN: Yes, maybe because they thought training would take 12 months. Anyway, I really considered it unprofessional. The Deputy Director who made this decision has great Russian himself, I understand. This didn't sound like the right mission management for me, so I declined and got USAID Philippines to give me an extra year. That's how it turned out to be six years.

Q: OK.

Life in Manila

RYAN: Anyway, when we arrived, we were moved right into a house in a semi-gated community called Magallanes Village. We were lucky to inherit from a departing colleague a great housekeeper, a lady named Pina, who was a wonderful support the whole time we were there. We also ended up hiring her niece and her husband. So we were very well taken care of.

Q: Very good.

RYAN: One good thing that happened was that I got Lasik eye surgery in Manila, on my tenth day in country.

Q: Wow, had you planned that in advance?

RYAN: I had been quite myopic since I was seven years old, and I had been checking with my eye doctor in Rosslyn (Virginia) over the years about radial keratotomy and other schemes that people had for curing myopia. He advised against them and I had stopped even asking about it, but then one day he says to me, "Joe, I've got the perfect thing for you. You're a great candidate for this Lasik laser surgery. I think that we should now finally move on it." I'd forgotten about the whole thing but I said, "Sure, let's do it." He said, "OK, I have to send you to Canada, because it's not approved in the U.S. yet."

Q: Wow.

RYAN: "And then we'll need six months of follow-up visits." This was when I was going to Nicaragua, so I told him, "Unfortunately, on Tuesday I leave for Managua for four years." So he said, "OK, the next time you're back in the States we'll do this."

Well, instead I made a direct transfer to the Philippines. But it turned out that there was a clinic in Manila that had been doing thousands of these procedures, which were still considered experimental in the United States. They were using the same equipment, because there's only one source for that equipment globally. And you had a U.S. trained

Filipino who had done thousands of procedures. Everybody in the embassy was having it done. From the U.S., you could fly to the Philippines, have it done, have two weeks on the beach, and fly back, for less than it would cost you to do it in Canada.

The thing about living in Manila, I don't know if anybody's mentioned this to you, but Manila had the worst traffic I have ever seen.

Q: I've heard that traffic is very bad there. Comparable to Bangkok and a few of the other very large Asian cities.

RYAN: Right. I don't know about China but I saw the contemporary traffic in Jakarta, I saw the contemporary traffic in Bangkok, I transferred then to Cairo, and I'm here to tell you, forget about it. There's nothing I've ever seen like Manila's traffic. Several times I abandoned embassy cars to their drivers and walked home.

Q: Wow, OK.

RYAN: Do you know what EDSA is? EDSA is the ring road around central Manila. It stands for Epifanio de los Santos Avenue -- Epiphany of the Saints. By the way, the Philippines is one of the most religious countries on the planet.

But anyway, it's a big ring road, multiple lanes on each side, frequently in gridlock. Magallanes Village was on the south side and the American school and Makati City was on the north, just on the other side of EDSA from us. (Metro Manila is formed of a lot of different cities, with their own mayors, malls and movie theatres.)

While I was still in Managua, I asked people, "You know, I've heard about this traffic. When we get to Manila, suppose I want to play volleyball league at the high school after work. How much time will it take me to get across EDSA and go the two miles to the school?" And what they said -- they didn't say, "Oh, it will take you an hour. It will take 90 minutes." No. They said, "Forget about it. Just forget it."

Q: Holy cow!

RYAN: Our Deputy Director one time took off for a dinner at the World Bank Resident Representative's house up the road in the direction of ADB (Asian Development Bank) office. It should ideally be a 15-minute drive. She came home three hours later and had never arrived. She just gave up.

Q: Wow. Remarkable.

RYAN: People set up offices in the back seats of their cars to work out of. I always took plenty of work with me when I was in Embassy cars.

Q: Good Lord.

U.S.-Philippines Relations

RYAN: Anyway, the general context I think you probably know. The Philippines is highly Americanized. They speak U.S.-accented English, which is quite striking after hearing the British style of English spoken around the world. They have many veterans of the U.S. armed forces. As I understand it, it is the only place outside the U.S. that has a Veterans Affairs office.

And it used to have two big U.S. military bases, Clark Air Force Base and Subic Bay Naval Base. I arrived after the Philippine Senate under Cory Aquino had rejected the bases treaty extension. That occurred in 1991, and so at the end of 1992 the U.S. turned those sites over to the Philippines. And of course the air base was affected by the Mt. Pinatubo eruption, which left it buried under volcanic ash.

Q: Wow, OK.

RYAN: That meant the “base-rent” portion of the USAID budget for the Philippines had been cut. And at the time, Ambassador Negroponte apparently even proposed closing the USAID mission, but calmer judgment prevailed. In any case, what had been a big-money program had become a smaller money program. But while there were some stresses in the bilateral relationship, given the history of U.S. conquest and administration, overall it was really a very close relationship.

And the Filipinos are super nice, polite, fun-loving people. That’s why they’re so successful as caregivers.

Q: Ah, right.

RYAN: They sometimes seem exaggeratedly polite and nice. Just wonderful.

One thing that my wife noticed was how the Philippines delights in Christmas. The season covers all of what they call the “ber” months: September, October, ... and runs almost into February. When we arrived from Managua in September 2017, the public address system in Manila’s airport was broadcasting a countdown of the number of days until Christmas, followed by a rendition of “Jingle Bells.”

They also love singing. Diplomats had to get used to performing in late-night karaoke parties. Plus food: working with counterparts at Philippine government agencies, you learn the dictum, “No meeting without eating.” More than one working meeting that I was a part of involved having to move notebooks aside for a plate of spaghetti at 11:00 in the morning. The spirit of hospitality is very strong.

But that’s also probably the reason why they have so often been dominated by foreigners -- Muslims, the Chinese, the Spanish, and then the Americans. Perhaps they hadn’t developed a very aggressive political culture of their own.

As islanders, they had no wheeled vehicles. They had no written languages, they did not build durable stone monuments, no political units larger than an island. So they were just happy. But in the modern world of the last 500 years, that wasn't necessarily the best strategy for remaining independent.

Q: Yeah. I see.

Corruption and Civil Society

RYAN: One thing about them is that they have no concept of corruption.

Q: Oh, wow.

RYAN: The Philippines is the most corrupt country that I've seen, and I think it's because it doesn't bother them. It's not seen as negative.

There was a Filipino-American who was going to be arrested in Florida for fraud of some kind. He escaped, got back to the Philippines, and got himself elected to the Philippines' Congress so that he could have immunity from arrest.

Q: Oh, yeah.

RYAN: And then apparently he bribed the Justice Minister's principle secretary or advisor to make sure that the U.S. efforts to extradite him would not prosper under the Philippine administration.

Q: Right.

RYAN: Somehow the Justice ministry did try to see whether the Philippine Congress would strip him of immunity. So this guy stood up in the chamber there and says, "Look, I paid this guy to make sure this wouldn't happen. And now he's attacking me."

Q: Wow.

RYAN: So the Minister lost his job over it.

Q: Good Lord. Incredible.

RYAN: Yes. There is just totally no concept of corruption. I mean, in Zaire and Nicaragua there was a lack of skills, a lack of institutions, and there was weak governance in Pakistan that has never been able to pull the country together. But in the Philippines, there's corruption.

Q: OK.

RYAN: Philippine society is very open, it's very democratic, and it is business oriented. Except that big business is mainly Chinese.

Q: Oh, interesting.

RYAN: Or as they say, Filipinos with one-syllable last names.

It also has many NGOs -- it's the paradise of civil society.

But it's has never been as dynamic as the Asian Tigers. It supposedly had the best prospects in East Asia as of 1945, and then it had the least dynamic performance.

Context in 1997

Muslim Mindanao

As of the time I arrived in September 1997, there were a couple things that had just happened that were important context. One is that they had just in 1996 provisionally resolved the long-standing conflict with the Muslims in Mindanao, the Philippines' big southern island.

The Muslims retreated across southern Asia in front of the advancing Portuguese in the 1400s and 1500s, eventually coming to Mindanao. The Spanish never fully controlled them, and conflict continued as they raided the northern islands for slaves, particularly for use in gathering South Seas products for sale in China.

The Americans never really got complete control of that area either, so there had been armed conflict going on for ages. "Terry and the Pirates" stuff. But in 1996 there was a first success in what turned out to be several efforts to bring a peaceful conclusion to that old conflict. People were very happy about that.

The Asian Currency Crisis

The second thing that happened is that in mid-1997 the Asian currency crisis dragged the Philippine peso down, right in line with the Thai baht. Even though the Philippines didn't have any external debt worth speaking of. There wasn't a vibrant enough economy for that. But the dynamics of currency markets and the expectations of relative exchange rates meant that the Philippine peso was depreciating just like the Thai baht was.

To give a real-world sense of the structural impact of this depreciation, it meant that each dollar of a foreigner's salary was buying substantially more Philippine pesos each month.

Political Legacy: Comparison with Nicaragua

The Philippines' President at the time was a technocrat, the former general Eddie Ramos. I mentioned in our session on Nicaragua that I see a parallel in the recent political histories of Nicaragua and the Philippines.

Ramos corresponded to the Lacayo-Chamorro government in Nicaragua. And just as Lacayo was succeeded by Arnoldo Alemán, so Eddy Ramos was succeeded by Joseph Estrada. And both Ramos and Chamorro had been preceded by revolutionary governments -- Aquino and the Sandinistas -- and those had been preceded by dictatorships -- Marcos and the Somozas.

Cory Aquino would usually be thought of as similar to Violeta Chamorro -- a politically inexperienced spouse of a politically prominent journalist whose assassination by a dictatorship resulted in the dictatorship's downfall and replacement by a government headed by the martyr's wife.

But there is a big difference in that Violeta's government was the one that succeeded the revolutionary government of the Sandinistas, while Cory actually presided over a government that had revolutionary tendencies. Violeta's government attempted a rational consolidation starting in 1991, after the revolutionary period. In the Philippines, Ramos's government had that role, starting in 1992.

EDSA-II

During our time in the Philippines, we got to see one of the principle incidents in this history, in January 2001.

If you remember, Marcos was overthrown by the population turning out in the streets of Manila in 1986 and by the military refusal to obey his orders to put down the street revolt.

Q: Yes.

RYAN: OK. Eddie Ramos was the main commander that refused and thus played a big role in bringing Marcos down. And so Cory Aquino, the widow of the just recently assassinated Benito Aquino, became President through a revolutionary coup that took place largely in that huge ring road around Manila, whose traffic I mentioned earlier -- the 1986 EDSA "People Power" revolution.

Q: Right.

RYAN: Anyway, Estrada was overthrown on January 20, 2001 by the same type of national movement, which filled up the EDSA ring road with a couple million people and all the Supreme Court Justices, national politicians, etc., who, completely extra-

constitutionally, declared the Estrada presidency over. Talk about civil society! That was EDSA II.

EDSA II had the particularity of relying heavily on cellphone texting to summon the huge crowds that gave it such power. The press noted that this was something new in political history. The Philippines of 1997 was the first time I noticed a population seemingly constantly using cell phones.

Q: Holy Cow. That's interesting. OK.

RYAN: I remember, on the eve of EDSA II, that I had an appointment at the university on the eastern edge of town. Although things were unsettled and people were staying off the streets, there didn't yet seem to be a crisis and the reduction in traffic was nice. By my watch we made it from Manila Bay to the university in something like 19 minutes, instead of an hour or an hour and a half, which wouldn't have been surprising usually. EDSA was almost empty. (But not for long.)

Y2K

The other grand excitement in this era was the Y2K bug. Anybody remember the Y2K bug?

Q: Yes. I was in Armenia and yeah, we were all waiting for everything to come down and it didn't.

RYAN: The USG was obliged to take it seriously, of course, and our economic technical assistance program lent some support to the Philippines for Y2K resilience planning. And whatever it was, we all survived.

USAID/Philippines

Anyway, about the USAID mission. We were up on the 17th and 18th floors of a downtown skyscraper overlooking Manila Bay. It was a medium-sized mission after the loss of the military base rent money, but it was still full featured and we had a substantial role in the Southeast Asia region. In particular, our Financial Management office was supplying services for other countries, including collecting repayment on old A.I.D. loans from Taiwan, which was a blast from the past.

USAID/Philippines was well engaged in my field, economics and economic institution management. Ken Schofield was the Mission Director, Priscilla Del Bosque was the Deputy. Quite a few strong staff. Several people whose names I could mention, but I don't want to seem to slight anyone whose name I didn't list.

And generally very good working relationships with Philippine counterparts in government and civil society. It corresponded with the overall strong relationship between the two countries. Even with a nationalistic movement on the Philippine side,

nonetheless there were better relationships than any other post I had been at or heard of. And the USAID work definitely benefited from that.

The Mission Economist: An Evolving Position

As the mission's economist, I succeeded my predecessor as a one-person "office" with a secretary, reporting to the Mission Director and Deputy Director. The Office of Economic Development was under a different person, Bob Barnes, who was not an economist actually, but a very effective officer. There must have been some rivalries behind this setup.

Within a few months, in March 1998, we created a new office for me called the Office of Economic Policy, and a couple of FSNs were assigned to that office. The point was to spread the work around and make me more effective. I guess the old rivalries didn't apply any more.

And then in the middle of 1998 we got a new Mission Director, Patti Buckles. She came from USAID's regional (multi-country) post in Central Asia and brought with her a U.S. Direct-Hire Foreign Service economist, Paul Davis, with whom she had a strong working relationship. He became the head of the Office of Economic Development, while Bob Barnes retired from the Foreign Service and stayed on with Paul, under a personal services contract, to continue managing his old project portfolio, which mainly covered the microfinance projects and the Mindanao projects. Bob (aka "Mr. Mindanao") stayed in his office with his phone and his files, but with his status changed.

A year later in 1999, because of some budgetary downsizing, Paul decided to leave to take a position in USAID's very fluid Kosovo program. Paul is a super-dynamic, energetic guy, and with some budgetary downsizing in the Philippines the opportunity in the Balkans became more attractive. He went on to largely create the economic institutions of the new government in Kosovo in the period following 1999. I know that sounds a little preposterous, but there you have it. It was a tremendous achievement. (And it also says something about what USAID can do, even in comparison with other development agencies.)

And so in 1999 I became the chief of USAID/Philippines' unified Office of Economic Development. But change continued.

As part of the Mission's overall downsizing, I proposed that the mission's Democracy Office should be integrated with the economics office. It sounds shocking, and a lot of people were shocked, but actually the two offices already shared some programs -- we even had a common, shared "Rule of Law" objective in the Mission's strategy -- and the other part of the Democracy Office's program, civil-society promotion, was ready for "graduation," which means USAID determining that recipients of assistance were operating well on their own.

So in the end the Mission Director and even the Democracy Coordinator in USAID/Washington approved the idea, and in December 1999, two years after my arrival, we became the Office of Economic Development and Governance, OEDG. (Some other possible names were proposed, but I insisted in preserving the 'DG' initials that were traditional for democratic governance programs and offices.) A Foreign Service Officer (Mike Henning, a Democracy Officer) and three FSNs shifted over to OEDG.

Q: OK.

RYAN: At that point I was supervising three FS-1s as an FS-2. (I had gotten my FS-2 promotion in 1989.)

Q: This is interesting. Didn't that create a personnel problem? Because typically people above that rank would not want to put an FS-2 in a supervisory role for grades above them.

RYAN: Yes. That's why I mentioned it. First, USAID is very forgiving of stretch assignments.

Q: OK.

RYAN: We hardly even pay attention to it. It may be because our staff is smaller than State's. In State, you've got a lot of options in terms of different people for taking assignments. Not so much in USAID. And also we're chopped up in finer subdivisions in terms of technical specialties I think.

Q: OK.

RYAN: Also, the position I was in was an FE-OC position (senior Foreign Service Counselor rank).

Q: Oh wow, OK.

RYAN: And even though I was an FS-2, nobody blinked an eye at that. That's nothing in USAID. Ordinarily you would have thought that the people who had already been in long enough to become FS-1s would be in that position and I'd be supervised by them. But that's not the way it worked out.

Q: OK. Interesting.

Good Working Relationships within the Embassy

RYAN: The relationships with the State Department inside the embassy were very good, by the way. And that's somewhat exceptional.

There was one young Economics Officer, Paul Brown, who was a very capable person (as so many are) and was an activist in the trade area. He was in the offices of our counterparts, like Customs, all the time. So I basically just integrated him into the oversight team for the assistance we had in place. That was a little bit unconventional. People were wondering, "What are you letting yourself in for?" But it worked for me. Maybe I'm just not that territorial.

Q: Now, was he State Department or was he Foreign Commercial Service?

RYAN: No, State. Of course, the Embassy did have a Commercial Attaché, as well as an Ag (agriculture) Attaché, which you don't always have.

Plus, the Ambassador who came in, I think, a year or two after I did, Frank Ricciardone -- he and I worked very well together, particularly relative to Mindanao, where the USG had special security interests in addition to USAID's development program.

Ambassador Ricciardone had been a schoolteacher before he became a Foreign Service Officer, and is a feet-on-the-ground guy. He liked to get out and get local. You know who he reminds me of very much? Chris Stevens.

Q: Oh yes, Chris Stevens.

RYAN: Part of the similarity with Chris Stevens's profile is that Ambassador Ricciardone's real love is Egypt. And in fact, we both went to Egypt after the Philippines. His wife is a highly qualified biological scientist, Dr. Marie as everyone calls her, and she worked in the USAID/Philippines in the health office on a contract.

Q: OK.

RYAN: Because of the breadth of USAID's program, we were doing some assistance in helping the Philippines with money laundering prevention. So I was also an occasional member of what the Embassy informally referred to as "The Badges." Do other embassies use that term?

Q: Well, I'm not sure they use that exact term, but there are, depending on the country, working groups within embassies on that issue, yes.

RYAN: Yes. Well, this was basically the law enforcement group.

Q: Right, exactly.

RYAN: And it included the naval shore patrol people to deal with having sailors getting arrested. Plus DEA, the Legal Attaché, and several others. So I sat on that team for a good portion of my time in the Philippines, which I think is probably a little unusual for an AID economist. It illustrates that it was a pretty happy team that we had going, Embassy-wide.

Building the Economic Portfolio

So my work to start with, I had a lot of team building to do -- starting off in a very isolated position and gradually making a bigger but more consolidated program. There were staffing issues and relationship issues that were difficult. Even budgeting issues: our economic development assistance didn't have a financial plan that was oriented to the different results that we had in mind.

Q: Let me ask you to pause here one second here to describe the nature of the personality problems. In other words, was it related to the local employees having difficulties with contractors in the section or with the FS-1s being resentful that an FS-2 is supervising them? In other words, what was causing the personnel problems?

RYAN: Well, there were two generations of problems. As I take it, and I wasn't there to observe, but I take it that my predecessor and Bob Barnes must have had some rivalry or disagreement.

Q: Oh I see. OK.

RYAN: I take it because the role of the economist of my predecessor wasn't what it should have been. Things were idiosyncratically strange in the way the offices were set up and tasks managed.

Q: OK.

RYAN: That ended in 1997 when I arrived and my predecessor moved on. Bob and I got along just fine. Gradually he came to work under me in his old portfolio for several years -- we became fans of each other. He's one of two guys I supervised in that office who had each at one time in their previous lives been taxi drivers in Manhattan.

Q: [Laughing]

RYAN: The second set of problems started when the new Mission Director arrived in 1998 and brought her favorite economist with her. They were both high energy, driving, demanding people, both of whom ultimately left the Foreign Service for that reason. And there I was, essentially sharing a job with the other economist. I think I survived because they both respected me.

But it was hard on people, including implementers working under contracts and grants. I remember one office chiefs' meeting with the Director where she recognized there was an issue by asking the group if they thought there was a problem in the Mission of low morale. As obviously no one else was going to say anything, I mentioned that "I don't think it's a problem of high morale or low morale. I mean, I don't have morale." That got a laugh, which was needed.

Q: OK.

RYAN: As regards the economic assistance program, there was an umbrella economic policy project called AGILE, which joined our portfolio -- alongside existing projects, like the ones to help the government set up public-private partnerships for infrastructure and to quantify the impact of proposed fiscal policies.

The Mission also had a big, very good microfinance program that worked with two types of institutions -- small banks and credit unions. What in the Philippines are called the Rural Banks are a class of small, registered banks that are supervised by the Central Bank. They aren't really rural, but rather they locate in secondary cities and they have smaller capitalization, and generally smaller loans and so forth. And we had a good credit union program. You remember the World Council of Credit Unions was my contractor in Nicaragua.

Q: Right.

RYAN: So I was happy to have a credit union type of relationship in the Philippines also.

Along with economic policy assistance and microfinance, there was the Mindanao Program, which is a story unto itself. They did major infrastructure. And agriculture. And conflict resolution -- assistance to former combatants, guys who would turn in their AKs to get agricultural implements and inputs. All that was Bob Barnes's domain.

Carrying a Grain of Sand to Vietnam

And lastly, for one year I took over, after Paul Davis transferred, the monitoring of USAID's work in Vietnam. At that time, 1999-2000, we were monitoring the preparation work for the bilateral trade agreement. An organization called the U.S.-Vietnam Trade Council was helping get the Vietnamese side oriented to the issues that they would have to resolve to get a bilateral trade agreement with the United States. The Council's key person was an outstanding professional, Virginia Foote, and their financing was coming from USAID/Philippines.

Q: OK.

RYAN: President Clinton had normalized relations in 1995 and we were moving toward a bilateral trade agreement, which actually was signed in July 2000. USAID/Vietnam opened as a coordination office in Hanoi also in 2000. And then Pres. Clinton visited after the election in November 2000.

In the course of 1999-2000, I made three trips to Vietnam to monitor the work of the Trade Council and their Vietnamese counterparts. I enjoyed meeting and briefing Ambassador Pete Peterson, and I think I had some of "Pete's meat loaf" at a place he frequented in Hanoi.

One of the trips doubled with a visit of a couple senior USAID staff to think about whether USAID/Philippines should have a larger “regional” role in Southeast Asia. We were already supplying some financial management services in other countries outside the Philippines, but this was a question of possibly trying to manage assistance remotely from Manila in “non-presence” countries, or to manage multi-country strategies. Patti Buckles had experience with the multi-country Central Asian mission and energetically pursued that approach for the Philippines in Southeast Asia as well. Bob Randolph, the Asia Bureau chief in Washington, decided to put that function in Phnom Penh, for some reason.

Q: Well, it's just interesting that you would play a role in establishing the trade relations with Vietnam, since, wouldn't that typically go to Commerce and USTR?

RYAN: Oh, absolutely. USAID was financially supporting the US-Vietnam Trade Council, which worked between the Vietnamese and USG agencies.

Q: OK.

RYAN: The work on Vietnam was not a big thing. I did try to participate in Pres. Clinton's visit, which presumably would have meant junior-officer support tasks, but I wasn't asked.

The Economic Policy TA Facility, AGILE

The biggest chunk of my work in the Philippines was economic technical assistance for policy and the economic institutions. The interesting thing about that is that the mission had already decided at least a year before I arrived, around 1996, that it needed an umbrella economic policy program to consolidate and give coherence to its work in this area. And so for about a year they were designing a program that at one point they were going to call by the acronym “TIGER” -- you know, the idea of turning the Philippines into another Asian Tiger.

Somehow the mission was having trouble agreeing on a design, and so after I was assigned to go from Nicaragua to the Philippines, but while I was still in the office in Nicaragua, probably in early 1997, I was asked to complete the design.

Q: OK.

RYAN: So sitting at my desk in Nicaragua I took their documentation and turned it into a design paper. It was approved I think in August, a month before I transferred. That incident is the first thing that suggested to me that there was some interpersonal thing going on in the mission that prevented them from carrying that particular ball over the goal line. It shouldn't have been that hard.

In any case, I was definitely in at the ground floor for the project that became known as AGILE (rather than Tiger). After I arrived in Manila in September 1997, I was the

technical officer for the solicitation and the contracting. It was DAI (Development Alternatives Incorporated) that won it, which had been one of the members of the DEG consortium in Nicaragua.

I also personally worked with DAI to help set up AGILE's management plan. Now, if you've ever managed contracts for the U.S. Government, this doesn't sound right -- the U.S. government shouldn't be doing that.

But this was an umbrella program that ended up having about 40 different activities with over 200 staff. Our approach was to have an umbrella facility for assistance on economic policy and institution building, and to drive the implementation decisions down to the level of the USAID project manager (mainly, me), with input from the implementers.

Our office in USAID, OEDG, had, including AGILE, eight major economic assistance delivery mechanisms, and about 16 activities overall counting more minor contracts and grants. That's another reason why, for managerial purposes, consolidation in a form like AGILE was useful.

When AGILE started up, what DAI turned out to have sent to town was economists and sectoral specialists, led by an outstanding Philippine-American economist, Ramon Clarete. In terms of an organizer who knew how USAID wanted to interact with the implementers, it turned out that I was the only person who had a clear vision of the approach we needed. So that was why it was me who sat down in AGILE's offices and worked out with them exactly how they would design and submit to USAID for approval each activity relating to a policy result that we jointly decided that they were going to do.

Q: Wow, that's quite a broad responsibility.

RYAN: Yes. And also arguably invasive. A USAID contracting officer will tell you, "No, no, no, you just stand back and they send you results." You don't get involved in helping them, because if you do, then from the contracting point of view anything that goes wrong is not their fault anymore. It's your fault because you interfered.

Q: Right.

RYAN: So this was not ideal, except that it turned out to be ideal.

Q: Alright.

RYAN: So anyway, I did work with USAID's Contracting Office to make sure that we had a contract that allowed the contractor to propose new activities via these mechanisms that I had worked out with them. The people in the Contracting Office got along with us very well and helped us a lot.

We also established flexibility in the budget. Our principle was that any dollar ever committed to the contract was available for any activity ever approved under the project.

So we had funding flexibility between activities. Each activity had a budget ceiling, of course, but there weren't different colors of money based on fiscal year of appropriation or arbitrary reservations to sectors of activity.

AGILE also set up a number of satellite offices in the different counterpart agencies, which were numerous, as you can imagine, since we had 40 different activities.

And you know, the AGILE experts really taught me a lot about these areas: telecoms regulations, regulation of air service, government procurement systems, customs policy management, money laundering, bank payment systems, capital market organizations, etc. We had a very effective project with the stock exchange to try to make that a place where stockbrokers didn't steal investor's money with such regularity.

Q: Right.

RYAN: On transgenic seed, we actually got a government policy that was more or less tolerant of GMOs.

So it was a huge learning experience for me. Even now, when I'm teaching here in SPEA at IU (Indiana University), it's frequently the experience in the Philippines that I'm drawing on.

The Role of "Assistance"

Q: Before you go on, as you're talking about all these different sectors, what were the key sectors that really began to unlock economic growth? Because you've got a lot of things going on simultaneously, but as you're watching them for example, did the development in telecoms create better opportunities for small farmers or small businesses to get into the market, to understand market conditions and be able to price and move merchandise or agricultural goods? Or was it more some other sector?

RYAN: Well, here's the thing. We're never in a position to do our capital budgeting according a dependable cost-ranking benefit -- by ranking all the activities and then picking off the highest down to the lowest, down to where your capital budget runs out. There were probably some of the things we did, where the upside potential of benefits might not have been astronomical and it might have been something you could have let go.

In assistance, it doesn't work that way. In assistance, it's really a question of targets of opportunity -- things that local people are doing or want to do or have the potential to do.

Q: Alright.

RYAN: If it's a big thing, so much the better. If it's a medium sized thing, OK; if it's a small thing, well you know, that may be the only game in town. And you have to figure that progress is cumulative, you're in it for the long term.

In any case, you're not the Filipinos. You're the Americans. They do development, you do assistance.

So you can decide not to budget anything if they're not doing anything -- that's the Zaire scenario. But when you've got capable counterparts that you think will work well with you, and you've got funds and it's authorized, then you don't just send the funds back to Congress and say, "Well, I think the benefit is only modest on this." No, you go ahead.

Q: OK.

RYAN: But the lay of the land in the Philippines and most of my posts was that there were a lot of opportunities. And if you've ever been in this business and you go in and you ask somebody in one of these organizations, "What do you need?" Well, the answer is, almost without exception, "We need everything."

Q: Right, of course.

RYAN: Which is not very helpful, actually. Part of the deal is that, as a USAID officer, you do need to have some knowledge of what kind of institutional development is needed, in institutions of different kinds. Which means you've got to have some advisors who can help you say, "Well, let's start here." For example, in Nicaragua the government had that office that was handling the property case resolution, but it was dead in the water. Where do you start? What do you do? That's the art of it.

Q: OK.

Civil-Society Engagement

RYAN: One thing that we included in AGILE, and this is somewhat special for the Philippine context in particular, was that the work plan for each policy result included a component for civil society engagement. So that in assisting the official policy makers and regulators, we were investigating to what extent the project needed to assist the people who were engaged in public oversight and public advocacy.

This emphasis resulted partly from the Philippines being the way it is, and also because of both our Mission Director and the USG's development-assistance principles being pro-democracy and pro-civil society. It wasn't like we were trying to overthrow the government, but the theory was that, in democratic government, the agencies should get public input and cooperate with public oversight. (For USG agencies, it's a law: the Administrative Procedures Act.)

Q: Right.

RYAN: So we could all buy into that. But sometimes the civil society side was advocating decisions that the public authorities had not yet taken. And having us support

them, even when they produced very professional inputs, there was some awkwardness. In one way it was inevitable, because AGILE hired the leading local experts in all these areas and so it became the home for discussion of best practice and potential change.

Q: OK.

RYAN: Another rule-of-law aspect of AGILE's assistance was building coordination between the Philippine judiciary and the economic agencies, partly as an aspect of anti-corruption initiatives. We were supporting the Ombudsman's office, which was relatively new. We picked that up from the Democracy Office -- they were not pursuing it very actively, and it was more important to us for implementation of economic policy.

An indication of how productive the AGILE program was, was that it attracted one Asian Development Bank staffer and one World Bank staffer temporarily working at the ADB, both of whom took leave to work on DAI's contract. The World Bank guy was a prominent governance specialist who said it was the best experience of his career. He was a Filipino American.

So AGILE was really the happening thing. There were times when the daily newspapers' economics news read like an AGILE diary. When we got together in our weekly USAID office chief's meetings, the other office chiefs were clearly blown away by our reporting.

A Day in the Life of a Reform Project

I won't get into everything that AGILE did, but I can't leave out what I think was a fascinating conflict that jumped up to bite AGILE at the end of 2002. It had to do with civil aviation.

Q: OK.

Making Enemies

RYAN: The U.S. government policy is "Open Skies," which is a new form for the hundreds of the legacy bilateral civil aviation agreements that exist under "the Chicago System" around the world. Without Open Skies, the two governments in a bilateral agreement literally put forward certain carriers by name and then they negotiate which equipment can fly between which points, how often, with how many seats in them, etc. It is all done at the governmental level with the airlines lobbying for what they want.

Q: OK.

RYAN: Open Skies means that the bilateral agreement will state that any carrier from either country can fly to any site, carrying as much as it is able, and using whatever aircraft can meet safety standards, etc.

This was particularly relevant in the Philippines because there was a monopoly carrier, owned by a Chinese-Filipino billionaire, which benefited from the old regime. That carrier obviously was upset about the USG's Open Skies proposal to the Philippines, but also that there was an Open Skies coalition of Filipinos themselves. Notably, that coalition was pointing out Open Skies' potential benefits to Philippine overseas workers, who form a hugely important sector for the Philippines' economy. The Philippines has something like 5% of its labor force working outside the country. And they are all flying on Air Philippines -- when they can get a seat, and at fares dictated by the airline.

So Philippine Airlines and the organization of its owner figured out what the problem was. It was AGILE, the USAID program, from which the reformers were getting some support.

Q: Right.

How the Game Is Played

RYAN: So what they did was to find a different issue to criticize AGILE on, to weaken the Open Skies civil aviation reformers without attracting attention to their own airline issue. What they lit on was money laundering.

Money laundering policy was probably -- aside from strengthening the Internal Revenue Bureau, which is a whole 'nuther story (as they say) -- the hardest policy issue we had to address because it confronts the corruption issue most directly. Particularly by confronting the Philippines' stringent bank-secrecy laws. For example, in tax fraud investigations, you can't look at anybody's bank statements.

Q: Huh?

RYAN: Yes, I know. It's really over the top. But that's the Philippines.

Global money-laundering standards, which FATF (the Financial Action Task Force) sets, required the Philippines to change its laws and practices, and there was a lot of resistance to that.

AGILE was supplying the Philippines' central bank with an expert on money-laundering policy -- a female Filipina-American, I think a U.S. citizen at that point. And that's the person that the organization attacked. They came up with some excuse about somebody learning about something before somebody else did, which was an indication that the expert was actually an American spy.

Q: Oh brother.

RYAN: Yes. So the industrialist's senators -- I'm referring to bought-and-paid-for senators ...

Q: Right.

RYAN: ... along with his television channel made a huge noise about the money-laundering pressures that the Philippines was under. Eventually, USAID had the privilege of sending our contractors, who included Philippine-Americans, to testify in live, televised Senate hearings on the American spying that was being run in the Central Bank by the AGILE program.

Q: OK.

RYAN: This understandably caused some nervousness on the part of our contract staff and USAID management, so I spent a lot of time coaching our people for their inquisition. Based on some research about how these things go, we spent a lot of time coaching them on how to conduct themselves and what their relationship was with the USG and their companies, and so forth.

But I also told them, “Look guys, obviously, we’re all anxious, but you know something? When you walk out of that hearing room at the end of your testimony, the first thing you’re going to want to do is turn around and go back and do it again. This is going to be a high point for you. Not everybody gets to do this.” So we went through it okay.

It didn’t amount to anything in substance, but the television stations broadcast it live and made a big deal about it. Embassy and USAID leadership were concerned, and then relieved that it was handled okay.

Geopolitics Ever-Present

The incident did succeed in getting Washington worried, however. To explain why, first I have to tell you when this was coming to a head: March 2003.

Q: OK.

RYAN: Does that ring a bell with you?

Q: No, I’m sorry. March 2003. I was on the other side of the world at that point.

RYAN: Well, even so. The connection is that Philippines was a member of what I call “The Coalition of the Billing.” The U.S. was about to send troops to Iraq ...

Q: Oh, I see. Right.

RYAN: ... and the idea that there was about to be a major bilateral fallout with one of the countries supporting us was a concern to the White House and the National Security Council.

Even if there hadn't been a USAID connection, a dislocation on money laundering could have triggered a bilateral crisis because of the U.S. commitment to support the FATF process with sanctions like loss of correspondent banking connections, which would have been crippling to the Philippines. The White House couldn't let that happen.

Q: Sure.

RYAN: So we were graced by a visit from an NSC (National Security Council) staff member to see what the heck we were doing in Manila that was somehow bringing the threat of mushroom clouds closer to the U.S. homeland.

The visitor -- a very capable, sincere professional -- endorsed some face-saving measures on money laundering, and AGILE pledged to sin no more. We changed its name to Economic Growth Technical Assistance, EGTA, to keep the "AGILE" name out of the news.

So that was during my last 12 months in Manila. It was entertaining, and I got credit for keeping my cool.

AGILE's Evaluation

After I finished my six years in Manila and left post later in 2003, USAID conducted an external evaluation of AGILE, led by Paul O'Farrell, whose name I have mentioned twice already. I worked under him when he was the Deputy in PPC/PDPR in the early 1980s, and then again when I was evacuated from Pakistan and was in Washington at the time of the first Gulf War in 1991. That work was on the issues of financial institutions in the Eastern European transition.

For the AGILE evaluation, Paul headed the team and a prominent Philippine economist, Ciel Habito, was another member.

There were a fair number of questions in Washington about AGILE, not just because of the money-laundering blow up (which was really a civil aviation blow up), but also because of the idea of having an umbrella program that ran 40 different activities with an unusual amount of civil society engagement. People wondered, "How can you do that? Is this even manageable, is it possible?"

The team came away quite impressed and its report gave us a clean managerial bill of health. So that was good. I wasn't there, but Bob Barnes said that in conversation, the evaluation team, including Paul who is a super-experienced person, said that AGILE was the best economic policy TA project the agency had ever had in any country.

Q: Wow.

RYAN: Of course, Bob was a fan of AGILE's. He had a tremendous portfolio of his own in Mindanao, but he also had a ringside seat by virtue of being in OEDG, and he was impressed.

Obviously, I don't personally have intimate knowledge of all USAID's economic TA history. I know enough about Egypt, India, Pakistan, and Nicaragua to make comparisons, and of course I followed Michael Pillsbury's research in the early 1990s into the "secret history" of USAID's economic policy assistance -- "secret" only because USAID prefers to play up small farmers, schoolchildren, disaster relief, and health clinics when it communicates with Congress and the public. To be the best of all USAID's economic policy assistance, you'd have to bear comparison with the successes in South Korea and Taiwan, I suppose. In Latin America, USAID (aka the Alliance for Progress) was apparently a huge presence at one time. But all things considered, and even being conscious that this is saying a lot, it's not out of the question that the Philippine program was the best. Of course, I'm a fan also.

Anyway, that was AGILE.

Assistance in Mindanao

Another part of OEDG's assistance that's very much worth going into is Mindanao. Mindanao has been a big deal for the United States for over a century. It's legendary in U.S. Army lore. The U.S. Army hadn't had any large unit action since 1865. (You don't really count Cuba because that was a bunch of volunteers and it was over in a few weeks anyway.) But the U.S. Army fought a three-year war in the Philippines, and the entire generation of people who ran the Army for the next 30 years basically came out of the Philippines. Both of the MacArthurs, Pershing, Leonard Wood, Frederick Funston -- all these guys came out of the Philippines, and specifically the conflict in Mindanao.

Anyway, for a number of years before I arrived, Bob Barnes and Josie Daway had run great programs in Mindanao, which is a beautiful island with great potential, beyond being the site of conflict between Filipino Christians from the north and the longstanding Moro population. (Moro is the Spanish for Moors, that is to say, Muslims.)

Q: Interesting, yeah.

RYAN: The Japanese were actually colonizing Mindanao economically back in the 1930s before everything fell apart. It's a place to go for plantations and for minerals. And this is an important thing to understand -- the Philippines has volcanoes and hurricanes ...

Q: OK.

RYAN: ... lots of disasters in the Philippines. But Mindanao is south of the hurricane belt.

Q: Oh wow, that is interesting.

RYAN: Yes. So the typhoons come in the central Philippines from the southeast and travel to the northwest. And they come in through the Leyte Straits and hit Leyte Island's east coast. Which is why MacArthur and the U.S. Army landed in Leyte: nobody lives there, it's empty. No Japanese troops, no nothing. That's why you could wade ashore twice to get the photographs just right.

But Mindanao doesn't get any of that generally. It can happen but the patterns are pretty stable. So -- good weather, beautiful land, underdeveloped, the whole nine yards. That's Mindanao.

Q: OK.

RYAN: Just before I arrived in 1997, the Moro National Liberation Front, the MNLF, signed a peace agreement, which was hoped to be a historic, landmark achievement. Bob Barnes' fingerprints are all over it.

But the problem is that every agreement over these last 20 years now seems to just spawn a violent splinter group to ruin it. And back in that era the splinter group was the Moro Islamic Liberation Front (MILF). In 2000 they started a violent uprising that generated a big USAID response. We reoriented a lot of activity to focus more on central and western Mindanao and the Sulu archipelago.

There were some things we couldn't do in Mindanao because of the security situation. But also we had to pay more attention to what we could do to help the population stay away from the MILF. So for example, we had programs to supply agricultural implements to former combatants.

And then, after 9/11, suddenly the rest of the U.S. Government looked around the world to see where conflicts with Muslims were taking place, and the first thing they saw was Mindanao. So the USG started demanding that we take action. When they found out everything that we were already doing they said, "Oh, OK, that's fine. Thank you."

But after Afghanistan, Mindanao was the first place that U.S. troops went into action after 9/11. It took place in the context of the annual bilateral military training exercise. Anyway, I got to ride on one of the rigid inflatable boats with a 50 caliber gun on the prow to get to an island offshore from Mindanao. This military cooperation continues up to today.

Q: Right.

RYAN: We're still there. There's Abu Sayyaf, an organization that pretends it's going to conquer the world like ISIS. They're actually a kidnap-for-profit outfit.

Microfinance in the Philippines

USIAD had a great microfinance program going, partly in Mindanao but overall nationally. Technically very good. A couple people from its implementation teams became globally recognized experts, particularly on mobile money.

As I mentioned in connection with EDSA-II, when I arrived in the Philippines in 1997, it was first time I saw everybody below a certain age walking around with their nose in a telephone.

Q: OK.

RYAN: Yes. Well, the developing world adopted cell phones much faster than the U.S. did, because they didn't have fixed line systems.

Q: Right, exactly.

RYAN: Also, mobile money got started in places like the Philippines faster than almost anywhere. People talk about Kenya, but anyway. So some of our contract people had made careers on the development that was being pioneered by Philippine institutions and that we were supporting through USAID.

Analysis of Currency Crises

The Philippines was also part of the Asian currency meltdown in 1997, which ended five-plus years of strong growth. That sustained growth was the reason why in 1996 USAID/Philippines had been talking about the country being a "Tiger" and was developing a comprehensive economic technical assistance program. Because it seemed like the Philippines was ready to take off.

Q: Right.

RYAN: Other countries in the region had been growing well for 15 years. But 1997 put the kibosh on that, and afterwards they were in the doldrums for a time. A lot of the problem was financing drying up because of the obvious risk of currency gyrations. At least the Philippines did not have very big external debt.

But still, USAID and the Embassy were involved in policy dialogue and information sharing with the IMF and World Bank regarding the macroeconomic and macro-financial situation. This was separate from sectoral technical assistance, and AGILE was not very involved in it.

This experience strengthened the views on currency issues that I had developed in Nicaragua. So when USAID/Washington put out a call for USAID economists to share their thinking on professional issues, I sent in an essay titled, "National Monies and International Currency Integration." Washington referred it to an ex-Princeton prof with

IMF experience. He didn't agree with my direction, so he and I went back and forth on it, which really helped me. The resulting piece is one I'm proud of. I think it stands up pretty well.

Q: OK.

Promotion in Grade and Position

RYAN: I should say I did get my promotion to FS-1 in August 2002 while I was in the Philippines. So I went 13 years as an FS-2. A lot of things depressed promotion (and even retention) in the 1990s in USAID.

In a way, I was also rewarded by an assignment following the Philippines to what USAID calls a "Senior Management Group" position. Appointments to SMG positions go through a separate bidding and selecting process. They're usually Mission Directors or Deputy Director positions, but Egypt's Economics Office had such a big program that the office chief position was SMG and carried the title "Associate Director."

So the Philippines was good to me professionally. A tremendous amount of work got done, I learned a lot, and I got certain amount of credit for it

I haven't talked much about family life, but Paulette and I were there just short of six years and it was her favorite post. She was very happy with life at home and the support of our maid, Pina.

Q: Looking back, would you say it was a period of recovery and growth for the Philippines or how would you describe it overall, looking back?

RYAN: I would say it was a period where the Philippines stabilized, resumed growth, and built capacity to make further progress in many areas -- management and professional capacity. I think we did a good job in supporting that.

Q: OK. Should then we pause here and pick up with you in Egypt in the next session?

Cairo: 2003-2008

Another Direct Transfer to a Field Mission

Q: Today is Thursday, July 6th, and we are resuming with Joe Ryan as he goes to Egypt. Now Joe, we hadn't discussed Egypt yet in any detail. How did it end up that you would go to Egypt? What was the background in the personnel action?

RYAN: You know, I was asking myself that question just within the last hour, although the real question was, "Why was I not going back to Washington D.C.?" By the time I took the flight to Egypt I had been in field posts for 11 years.

Q: Right. So typically, you would have had to have gone back.

RYAN: I arrived in Managua in January 1992, and here I was going to Egypt in August 2003. So the two posts, Managua and Manila were enough that, even though the personnel system had reset my Washington departure date to 1992, yes, the personnel norm would have called for a Washington rotation.

It might have been that I was going to an SMG position. You have to be an FS-1 to bid on those, in an assignment system parallel to the non-SMG bidding process. I had just gotten my promotion to FS-1 in 2002, and so I suppose that I was allowed to bid on SMG positions overseas. I might have had to bid for both Washington and overseas positions, but at least I wasn't force-assigned to a Washington position.

Anyway, it was August 31, 2003 when we arrived on an overnight flight from the Philippines, on a direct, mid-tour transfer.

I'm going to have to sit down and clarify with myself how we managed to do so many direct transfers. We were always traveling with our pet dogs. Between our first and second posts, Kinshasa and Islamabad, we definitely took home leave and our dog, Mattie, stayed in Kinshasa and was shipped after we arrived in Islamabad. And then between Islamabad and Managua we had three and a half months in Washington DC. But that was a mid-tour, direct transfer with TDY (temporary duty) training in Washington.

But from then on, we did a direct transfer with just an overnight in Los Angeles between Managua and Manila. And a direct transfer with an overnight flight between Manila and Cairo. Then I went back to Islamabad on what was technically on a TDY and Paulette was safe-havened and remained in our apartment in Cairo, so that was "direct" for me. When she followed me to Islamabad the following year, that was direct for her. And when we went from Islamabad to our last post in Lima we only overnighted in Amsterdam, so that was direct also. And then we came back to Bloomington directly.

So we somehow managed to shift around the timing of our end-of-tour dates and our home leave dates in such a way that we were always traveling direct to our next post without taking leave in transit. We would get to post, set ourselves up, and then at some later date once our household was all secured, maybe months later, our home leave date would come around.

Q: OK.

RYAN: So that's the way it was in the case of Egypt in 2003. It was a Philippine Airlines flight. The airline abolished that route shortly afterwards, but at the time it had a flight through Bangkok to Cairo. Probably because the Philippines has so many overseas workers.

Q: Oh, right.

RYAN: I mentioned this in regard to the political blow up regarding that AGILE technical assistance project that had to do with the Open Skies aspirations of Philippine reformers. That was justified, in part, by the need to get more seats and lower fares for the overseas workers. So at least up until August 2003, the Philippine Airlines was continuing its direct flight to Cairo, Egypt.

Arriving in Maadi

We were taken to a nice third-floor apartment in a nice part of a Cairo suburb called Maadi, which is an Arabic name that means The Crossing. It was a place where there was a ferry crossing of the Nile. Unfortunately, the name has the Arabic letter ‘ain in it, making it technically unpronounceable for *gringos*. And not just us: Urdu can’t handle the sound of the ‘ain either, although it uses words spelled with it.

I remember going out on the balcony of our Maadi apartment when we first arrived. Remember that this is August 31st in Cairo Egypt. So it is supposed to be hot, right?

Q: Correct, yes.

RYAN: What I discovered was that, right at that moment, it was cooler and airier on that balcony on August 31st in Cairo than it is any hour of the night or day, any day of the year in Manila.

Q: Wow.

RYAN: Manila is a very humid tropical place. All these typhoons blowing in from the southeast and so forth. By contrast, it turns out that Egypt is a Mediterranean country. Cairo, which is at the head of the delta, is a pretty fair distance from the Mediterranean. But the prevailing winds come from the northwest: they come off the Mediterranean and cross a certain amount of desert. So if you’re on the east side of the Nile, the wind comes to you from across the Nile, so it’s cooling.

Q: Oh, alright.

RYAN: Have you ever been to Egypt by the way?

Q: No, I have not.

RYAN: You’ll notice that all of the cities, not in the delta, but starting in Cairo and going south along the Nile, all of the cities are on the east side of the river and all the tombs are on the west.

Q: Yes. That I learned in a course on ancient history.

RYAN: I'm sure there are ritual reasons. But I think the real reason is because it is so much hotter on the west side of the Nile, where the wind is coming off the desert, than it is on the east side, where it's coming off the river.

Q: Yeah. I suspect this is a case of where geography determined but mythology explained.

RYAN: Right. And you know, I mentioned the same thing two posts earlier in Managua. The two main colonial cities, Grenada and León, were both on the northwest corner of their respective lakes because the breeze is coming from the southeast and coming off the lakes. But poor Managua, as a compromise between the Liberal party and Conservative party after those generations of civil war, poor Managua got stuck on the south side of its lake. So they had a breeze blowing onto the lake.

Anyway, there we were in Cairo and immediately it made a very positive impression. Maadi is like a small city about a half an hour commute from the center of Cairo. It's where the American high school is, called the Cairo American College, or CAC. In the British system, colleges, like in Spanish, *colegios*, refer to what we call high schools. So a lot of American Embassy people, as well as international business people, would locate in Maadi because it was a bedroom community and CAC was there. There were many Egyptian students at CAC as well.

USAID, which for a long time had offices closer in to the city center, had constructed, only three or four years before I arrived in 2003, a new building for itself in Maadi.

Q: Ah ha.

RYAN: Yes. A brand-new building, nice and spacious. They got into trouble because they somehow made the Mission Director's office bigger than the Ambassador's office downtown, so they had to subdivide it and carve out a meeting room. Also, the Egyptian military changed the zoning in the middle of the construction so that it couldn't be built to its planned height. It was supposed to have been four stories, but it overlooked a military installation (actually, a ball field, I think) and so it lost one floor. But there was plenty of space nevertheless.

It was a modern building with all the amenities, plunked down in the desert on the edge of Maadi. Unfortunately, by the time I left to go to Islamabad in 2008, so many buildings were growing up around it that you could hardly even drive to the office anymore, the streets had gotten so full.

Q: Oh, wow.

Eternal Egypt

RYAN: But the positive impression Egypt made on my arrival did not dissipate. It definitely became my favorite post. There is a lot going on there. Like I say, more Mediterranean culture than an Arabic culture. For them, "Arab" is a man of the desert. An

Arab for Egyptians is a bedou, or bedouin in the plural, while an Egyptian is a masri. The word Misr, the Arabic word for Egypt, means the settled areas, which is to say the riverbanks, not the desert.

Nasser tried to make Egypt politically Arab. But it had been ruled politically by non-Arabs and, in fact, non-Egyptians for the longest time. Gamal Abdel Nasser was the first indigenous Egyptian to be the head of state in Egypt in 2,200 years.

Q: Wow.

RYAN: Alexander's generals took over in 300 BC and it was the center of the Greek world for 1,000 years. All of the Greek philosophers after Aristotle that you've ever heard of lived and worked in Alexandria.

Then the Arabs showed up and the Egyptians were ruled by Muslims from Syria or Arabia. And then the people we call Turks showed up, from Anatolia. Then Napoleon showed up, and then there was an Albanian dynasty after Napoleon that ruled until the Nasser clique tossed them out. But none of these people were Egyptian.

Q: Right, right.

RYAN: Cleopatra was a part of a dynasty that made themselves Pharaohs, but she was a Greek princess and Egypt was the center of a Greek world that covered the whole eastern Mediterranean.

Have you ever asked yourself why Caesar left Rome to live in Alexandria? Why Mark Antony left Rome to live in Alexandria?

Q: Well, it's always portrayed as Cleopatra using her wiles.

RYAN: Alexandria was twice the size of Rome. It was a city of marble while Rome was a city of brick. In Julius Caesar's time in Rome, you drank wine made from Egyptian grapes and you ate bread made from Egyptian wheat.

Alexandria was the center of the Mediterranean world, not Rome. Rome was soldiers. Aristotle's academy was moved to Alexandria and the great library was built there. After the Jews lost their rebellion against Rome, the Jewish elite moved to Alexandria. Anybody who was anybody went to Alexandria. Until later on, when Constantine moved the seat of empire from Rome to Constantinople.

Q: Right, right.

RYAN: Which is also an awfully nice place, you've probably been there.

Alexandria as a city disappears from history when the Arabs take over in the 600s, because the Arabs didn't have much use for the sea. They were people who moved by

camel and horse. So Alexandria disappeared. But then it was reinvented under Napoleon and the Albanian dynasty.

The Egyptian monarch in the 1800s was in principle subordinate to the Sultan in Istanbul, but was pretty independent in practice. The elite who came to rule Egypt were all Turkish or Circassian. Even now, if you look at the background of a traditional elite in Egypt, you're going to find Turks in their family.

Q: Interesting.

RYAN: So the recent history of Egypt for the 200 years before I arrived was that it was ruled by a European monarchy. The monarchy built a number of European-style palaces, which you don't get to see because the military took them all over.

Alexandria in the 1800s was the commercial center of a cotton boom, which the meltdown in the United States in the 1860s helped expand. The city became a huge magnet for Italians, for Greeks, for people from all over Europe. It became a mainly Greek, Italian, and French city until the late 1800s when the British took over. They took over because, although they had declined to participate in building the Suez Canal, they came to consider it their lifeline to India.

Q: Right, right.

RYAN: So that's why they took over the country in 1882. There was this Nasser type of person, who was also a colonel by the way, an indigenous Egyptian named 'Urabi. So in order to keep Nasser I, as you might call him, from taking power and potentially limiting British access to the Suez Canal route to India, the British took over the country in 1882. They ended up staying for 70 years, but even so, shortly after the British military withdrew, 'Urabi II (Nasser) took over anyway. And yet, even after '56, Nasser kept the canal open, so it had been pretty secure all the time. And India wasn't British any more. An exercise in futility, from Disraeli to Eden.

So, as I say, there's a very Mediterranean-European overlay to a basic Egyptian reality. Palaces, opera houses -- famously including commissioning "Aida" from Giuseppe Verdi. The whole European nine yards.

Living in Cairo

Classical Music in Cairo

In fact, one of the things that made it congenial to me is that Cairo has two professional orchestras: the opera orchestra and the symphony orchestra. Lots of European musicians and a nice opera house.

When I arrived, the symphony orchestra had just hired a new conductor who was a European, I guess a German. And this guy had insisted, as a condition of employment,

that he be able to bring to Cairo his own choice for the key position that can make or break whether the orchestra performs well or not. And that's the first horn player.

Q: Ah-hah.

RYAN: Because all the Romantic composers tend to build their pieces around a critical motto that the horn player has to play.

So this guy brought this young Finnish horn player to town, named Annu. It was her first professional job. I got to know her when we went to the concerts. I had practiced continually in my six years in Manila and I had contact with the horn players there, but hadn't really done anything organized.

In Cairo, the opera orchestra had quite a few musicians who were Ukrainian, including their horn players. So I would hang around with this crowd. Initially, that was the center of my social life.

I started taking lessons from one of the Ukrainian horn players, a guy named Slava, who was the assistant bandleader at the high school, CAC, in Maadi. I had lessons from him in the CAC band room, a few blocks from where I lived. Paulette and I liked his wife and young son too.

I had developed an embouchure problem that needed fixing and I really never, even with all Slava's help, got my playing put back together again. Slava and his family went back to Ukraine and another Ukrainian named Sacha became my teacher. I struggled with my problem, changed horns, changed mouthpieces and everything. But in the end my horn playing basically died because I was never able to overcome that problem. There are some great professionals that had to change their embouchures too, and everybody dreads it. But they succeeded and I didn't.

But I did get to pal around with the Ukrainian musicians and their families. It was fun.

Q: I don't know that everybody knows what changing an embouchure means. Could you just take a moment and explain that?

RYAN: Oh. Brass instruments are amplifiers of a vibration that is performed by the player's lips. In a violin the vibration comes from the string of the instrument. In a clarinet the vibration comes from the reed. In the case of brass instruments, it's like a singer -- it's the body of the performer that it is doing the vibrating. The tube of air enclosed by the brass of the brass instrument vibrates in resonance with the lips, and amplifies the vibration and gives it all its color.

Q: Right.

RYAN: So the embouchure is the way you muscularly tense your lips so that when you push a little bit of air through them they vibrate. How you flex your lip muscles and how

you make the connection between the rim of the mouthpiece and your lips, that all together is the embouchure. Along with the way you handle the air, the squeezing that you do with the muscles in your gut, that's where the action is. Fingering the keys and so forth, that's visible so people think that's how you play it, like a clarinet. But no, the action is going on between your gut and your lips.

Q: And so over time I guess just with aging and a whole variety of things, your ability to maintain or manage the embouchure changes.

RYAN: Yes, and you know, I think by not having good advice and just practicing by myself for six years in Manila, I think I trained myself into some bad habits.

Q: Oh. I see.

RYAN: I was never great shakes as a horn player. I mean, I got some paychecks and even had some professional opportunities, but I wasn't going to be a great horn player. And so I don't think I really had the physical equipment that you needed. Like people talk about a singer's voice as her "instrument." I don't think I had much of an instrument. And so I was probably cheating a little bit and eventually it caught up with me. But, my cheating paid off for long enough. The point is, I had this musician society outside of work.

Maadi Runners

Then I connected with a runner's society, the Maadi Runners, which was a marathoners group led by a charismatic Egyptian businessman named Mohsen Alashmoni. It's a multinational group with lots of Egyptians and lots of people from other countries, centered in Maadi. They are always training for a coming marathon, usually in Europe. But also there is the Luxor marathon and I guess there's one in Alexandria. Luxor you know is farther south in Upper Egypt. I ran the half marathon there once but I never got up to a marathon distance. But I liked the runners so I would participate in their weekly training runs.

Weekends in Muslim-majority countries are frequently Friday and Saturday instead of Saturday and Sunday. And that's true in Egypt, so Friday morning is the beginning of the weekend and that's when we would have our main weekly training runs. (The real runners ran several times a week.)

The Friday runs varied from 6 to 22 miles. One of the runs for example, a 12-mile run, is from the gate of the Cairo American College to the gate of the parking lot of the Sphinx, going across the Nile. Sometimes we would go onto bluffs the west side of the Nile and run between the pyramids. Not the great pyramids, but the pyramids further south -- the Bent Pyramid, the Red Pyramid, and so forth. Or we would run around the islands in the Nile that are downtown. It was a lot of fun. It was a social thing and I always liked doing that.

Q: Yeah, there aren't many places in the world where Hash House Harriers can have such an unusual and ancient trail to run on.

RYAN: The harriers are a different group from the marathoners, but yes, Cairo is a fabulous place for whatever you're doing.

Arabic Language

Another cultural attraction was Arabic, which I studied at the office. As an office chief I got one-on-one lessons in the office rather than a class. But lessons were only a couple hours during the week. For two years, I did the formal written Arabic, foshha (pronounced foce-ha), and then the rest of the time the Egyptian colloquial Arabic, which is called aameya (whose first letter is that pesky 'ain).

Aameya is a full-featured language -- ministers of state give their speeches in it. Foshha has great prestige, but to hear it you have to listen to the Sheikh of al-Azhar (the Islamic university). The practical aspect of foshha is that it is common to all of the Arabic-language areas, unlike the aameya, which is just Egyptian. Aameya is based on foshha, but it's different.

They are both very difficult to learn for English speakers -- crazy difficult for me. I never got around to taking FSI (Foreign Service Institute) exams, but I wouldn't have made that much progress in either one, maybe 1/1 levels.

One thing that's worth knowing about it is that although aameya is the language of government and certainly the language on the street, Egyptians are not taught it in school because of the prestige of the formal language. That's due to the Arabic language's religious connotation: God dictated the word to Mohammed in Arabic, so the language is a religious object.

Foshha is a more modern version of the medieval Arabic of the Koran, but the prestige is such that that's the only thing Egyptians are taught in school. Egyptians, as soon as they leave school, generally don't want to bother with foshha again. It's like classical Latin for American school kids.

People speak aameya at home, they were hearing it from the head of state on television, and they're hearing it from the newsreaders on television. It's Arabic, but it's not the foshha, which is what is taught in schools.

There are no textbooks or grammar books on aameya for Egyptians in their own schools. Aameya textbooks have mainly been written for foreigners, many of whom go to the American University in Cairo to study it.

I ask myself -- every country has statistics about what proportion of the adult population is literate. Well, which language in Egypt are you talking about? It seems to me that this is a problem.

Q: Interesting.

RYAN: Egypt has a wonderful modern literature in Arabic, with Naguib Mahfouz who won the Nobel Prize for Literature and many others -- I'd mention Sonallah Ibrahim. Regrettably, I could only read this literature in English translation, but it's really something. And don't miss Lawrence Durrell's novels, the "Alexandria Quartet."

Plus, Egypt has a wonderful, serious cinema. Try sometime to see "The Mummy" ("The Night of Counting the Years"), the film by Shady Abdel Salam. Or "Salah Ed-Din's Victory" by Youssef Chahine, or "Karnak," or "The Nightingale's Prayer."

Q: OK.

Paulette's Mother

RYAN: Going back to our life in Egypt, a major event for us was that Paulette's mother came to live with us. She was half-Vietnamese but as an adult had lived pretty much entirely in French society in Saigon. In 1975, she emigrated to Paris.

Q: Right.

RYAN: Her apartment in Paris had been a base for us for 20 years. There are many wonderful memories from visiting her and Paris in those years. She was very gracious to us, and Paulette's two step-sisters and their families were also in Paris.

At the age of 80 in 2004, shortly after we arrived in Cairo, Paulette's mother had a mental breakdown and could no longer live alone. Paulette ended up bringing her to Cairo to live with us in our apartment. She cared for her mother for four years until 2008, including getting some help from a psychiatric hospital, which is in another suburb another 20 or 30 minutes south, further out from Cairo.

Q: Was her mother suffering from Alzheimer's? Was it something they could diagnose?

RYAN: Yes, it was diagnosed as Alzheimer's by psychiatrists in both France and Egypt. She also had severe paranoia. Who knows what brought it on? Anyway, Paulette brought her to Cairo and we hired a second maid to help look after her.

Both our maids were Filipina, by the way.

Q: Oh, interesting. Wow.

RYAN: I have been saying how the Philippines national character is extremely nice. It's a wonderful trait. So that's one of the reasons that Filipinos get jobs around the world. And so there was a Filipino community in Cairo, many of them employed as domestic help, and many of them struggling with visa issues.

Q: Right.

RYAN: One of Paulette's step-sisters in France, after years of working on it, finally found a suitable medical residence for Paulette's mother in France where we were able to move her in 2008. But almost the whole time we were in Cairo we had Paulette's mother living with us. It was good in a way, but also a tremendous burden on Paulette.

Q: I see.

U.S. Aid to Egypt

The Budget

RYAN: Anyway, on the USAID program in Egypt, I probably don't need to say a whole lot about bilateral relationships between the U.S. and Egypt over the years. That's pretty well known to everyone.

U.S. diplomatic relations and economic aid restarted in 1974 when Sadat reversed Nasser's policies and adopted what was called "openness" -- Infitah is the Arabic name for it. So the USAID mission reopened in 1974.

And then in 1979 Egypt's Camp David agreement with Israel resulted in a big increase in the budget numbers. But they were already pretty substantial for those first few years between '74 and '79.

Q: OK.

RYAN: By the time I arrived in 2003, things were making a transition away from that very special situation. In 1997 or 1998, the U.S. had reached agreements with both Israel and Egypt that put the U.S. budget for economic assistance to each of the two countries on a 10-year glide path downwards. I think economic assistance to Israel glided down to zero, while for Egypt it was to glide down from \$800 million a year to \$400 million a year in \$40 million annual steps over 10 years.

In fiscal '98, the appropriation USAID received for Egypt was \$815 million and for fiscal 2008 it was \$411 million. So this is one rare case of a multi-year budget commitment that was actually adhered to.

As I was leaving Egypt in fiscal 2009, the last budget year of the Bush-Cheney administration, the glide was over and the question was, "What was going to happen then? Is the budget going to go to zero for Egypt, or what?"

Well, it immediately dropped to \$200 million, and I think it has more or less continued at that level annually. But that was after my time.

So while I was there we were in the middle of this. We were on the way from \$600 to \$400 million. It was the second half of the 10-year glide path.

Q: OK.

Infitah

RYAN: An important part of the context for my work is that the openness policy, infitah, not only really was working, but it was greatly accelerated in the years that I was in Egypt. People who had known Egypt in the early 80s and who visited around 2005 while I was there, said that Cairo was completely transformed as a city.

Q: Interesting.

RYAN: From the late '70s to 2005, around 25 years, it went from being a Stalinist mess to a vibrant city with a lot of infrastructure. Some of which USAID had invested in -- famously, in the sewage and water treatment facilities. So Sadat's policy was working.

Mubarak role in this was, in my view, basically as a placeholder. When you think "Mubarak," think Gerry Ford: a person who wasn't supposed to become president but who did anyway. He was Sadat's vice president and no one expected him to become president, and once he became president after Sadat's assassination, no one expected him to last. But it was convenient to have him, so they kept him around. He hardly took over the country on his own.

Actually, the reason he was put in his position was that he was a hero of the 1973 war as a fighter pilot.

Q: Oh, I see.

RYAN: The force the Israelis were keeping on the east side of the canal was just a trip-wire. Sadat's forces made a surprise attack and pushed the Israeli forces back five miles. And then the Israelis brought up substantial forces and quickly reversed the retreat and crossed the canal onto the Cairo side.

But the point is that for the first few days Sadat's offensive was successful in taking back occupied territory. The people who participated were heroes, including Mubarak. So that's how he became the symbolic vice president of Sadat. Then suddenly Sadat ends up full of bullets and Mubarak is the new president. And the question was, "Well OK, who is really going to be president here?" They tossed it around and concluded, "Oh, we'll just keep Mubarak, he's not going to cause a problem." And that's what happened.

So by the time I got there, you had had this 30-year, very gradual but very sustained policy of openness that cumulatively really transformed the country.

Q: OK.

RYAN: The lack of drama, I think, has made it misunderstood. On the American side, we still considered it to be like it was in 1970 under Nasser. So there has been a series of efforts to “fix Egypt.” John Bolton went to Egypt to fix it back when I was PPC with him. And then around the time I was arriving in 2003, Liz Cheney went to Egypt to fix it.

The Americans never quite figured out that progress was occurring. So from what I was able to observe, the Egyptians consider the United States somewhat clueless. Bolton was getting ready to go to the Department of Justice. And Liz Cheney, who knows what she was going to do next? And the Egyptians knew this. The people who were coming were vastly under-informed about Egypt and were jetting through, purporting to reform this ancient civilization. This wasn’t too well calculated to make a good impression.

Q: OK, so then is the reason that you ascribe low popularity of the U.S. in Egypt to U.S. Middle East policy, or to the way the U.S. has engaged with Egypt in the development work it has done?

RYAN: By far the first is more important. The second is more a part of the mix of good and bad that you find in any bilateral relationship.

I had been, for a long time, convinced that I did not want an assignment in Egypt. Not that anybody was asking me, but Egypt is always on your mental radarscope because it’s such an important program -- lots of money, a big place, a tremendous range of assistance programs going on. But at the same time, it’s got the geopolitical overlay, and it’s a big bureaucracy. A lot of people, including me, figured that it’s better to be in a medium-sized mission where there’s less political oversight -- you can do things that are more sustained and objective.

Q: Right, right. To the extent you understood what Bolton or Cheney or any of the other helicopter visitors wanted in terms of reform, what were they looking for? Was it reduction of corruption, or streamlining of bureaucracy, or in other words, what was the main goal?

RYAN: I think that’s a good question. In fact, I think the main direction had always been more private sector, less state enterprise, less state control.

Q: I see.

RYAN: Definitely that would have been the John Bolton thing under the Reagan administration, and I think that was true of Liz Cheney also. Liz was apparently in town off and on for several months. In fact, when I got my assignment in December 2002, people were telling me, “You better rush to Cairo because Liz Cheney is redoing your program.”

My opinion was the opposite. First, I wanted to let whatever was going to happen in Baghdad happen, and then go after the dust settled. Literally.

Q: Right.

RYAN: And not try to fix Liz Cheney. I didn't think that was really feasible or part of my job. So anyway, I didn't arrive until August 31, 2003, and by then she had completed her series of meetings with the Egyptians. I was never clear as to what changed as a result.

Subsequently, there was a pro-democracy thing that I should mention. Within a year or two after I arrived, the Bush-Cheney administration settled on what the reason had been for going into Iraq. After trying a couple other rationales, they came up with this idea that it had actually been part of a campaign to establish democracy in the region.

Q: Uh-huh.

RYAN: At that point the Congress said, "Yeah boss, that's what we're doing in the region," and they started requiring USG agencies across the board to do more democracy programming.

Of course, we'd already had a democracy program going on for a long time as a normal part of development assistance. But the Congress developed a new requirement in USAID/Egypt's case: that of the \$50 million in NGO grants for democracy, \$25 million should be grants to democracy NGOs for programs that did not have the approval of the Government of Egypt.

Q: Wow.

RYAN: I know. Of course, this was a public decision of Congress, visible to everyone including the Egyptian government, who obviously said, "Great, give them all the money you want, but none of them are going to operate in this country." It is hard to imagine how the U.S. could have seriously thought that this approach would get any real results.

A New Look for USAID/Egypt

Another thing that the Bush-Cheney administration wanted to do was to normalize the mission in Egypt. The Cairo mission, besides being bigger in its era than other missions, also had a lot of "only-in-Egypt" procedures, administratively.

Q: Right.

RYAN: Such as "Associate Mission Directors," like me. So about the same time I arrived, Washington sent a new Mission Director to Cairo with instructions to make it into a normal mission. And in fact, the afternoon I got off the plane, the Deputy Director, Mary Ott, who was an AID economist I'd known for a long time, took me to meet the new Director, Ken Ellis, who informed me that my job title was going away.

Q: Right.

RYAN: Still, our programs went on despite all of that.

The Gamal Mubarak Reform Cabinet

The really important change occurred in 2004 when Gamal Mubarak got his mother Suzanne to get his father let him name a new cabinet, and particularly a new economic cabinet. He brought in a group of World Bank, IMF, and private sector, multinational managers to run the government.

Gamal was single at the time and had been an investment banker in London. I think he came back to Egypt to bail his father out. Because in political systems like this, transitions out of office tend to be unhappy.

Q: Yes.

RYAN: Why would Gamal stop being a playboy investment banker in London to come back and get into the nitty-gritty of politics and economic management in Cairo? It doesn't look too smart, but he's not crazy.

Q: Right.

RYAN: Interestingly, when he first came back, his first political vehicle was a youth movement, basically for young professionals, to lead change in the country: the "Future Generation Foundation." That didn't work out, and so instead he started taking over the ruling party, the NDP (National Democratic Party), and ultimately the cabinet.

As a result, suddenly all these guys, like Youssef Boutros Ghali, who was the cousin or nephew of Boutros Ghali who had been UN ...

Q: Secretary General.

RYAN: ... Secretary General, became Finance Minister. An IMF guy, Mahmoud Mohieldin, who became the industry and investment minister, and Rasheed Mohamed Rasheed, who had been the Proctor & Gamble chief for the region, became the minister of commerce.

As I say, this was on top of a slowly progressing and opening reform that had been going on for 30 years. One big change was at agriculture, where the Minister had been in place for almost all of those 30 years.

Q: Wow.

RYAN: So there was this burst of strengthening of economic management and economic policy in those years. By 2008 Egypt was the World Bank's reformer of the year.

Q: But wait a minute. In the meantime, you had mentioned this potential youth movement.

RYAN: Yes, that was before I arrived I think. That was maybe in about 2002.

Egypt's Economy

Q: OK. But even so, one of the main economic problems Egypt had was overpopulation and not enough economic growth for all of these young professionals to be employed.

RYAN: You know, it's quite interesting in Egypt's case. Egypt went through a really very hard time in the late '60s and early '70s. As a result, there was a baby bust. When things got better in the late '70s, there was some backing and filling and there was a baby boom.

Those events of the 1970s echoed in terms of people entering the labor force in the late '90s, early 00's. Specifically, there was a period over a few years where the structure of the labor force suddenly became much more weighted towards the youngest age cohort, which always has the lowest employment rates.

So the age-specific unemployment rates didn't change that much, but the age structure of the labor force changed substantially, mainly due to the impact of war and the hardships of war 25 years earlier.

In my five years in Egypt between 2003 and 2008, that cohort, that bulge, was moving into the ages where they settled into sustained employment, so that the overall unemployment rate came down.

There was a substantial misunderstanding of this situation in Egypt. Everyone was saying, "Unemployment, unemployment, unemployment." They were seeing the bubble but they weren't seeing the whole picture, which was distinctly getting better.

On our program, one of our projects was to help the trade industry fulfill their obligations to the WTO (World Trade Organization). As a WTO member, you have reporting requirements (called "notifications"). Whenever you do something that affects trade relations you are obliged to report it to the WTO so that other members can comment and request consultations. Also, you have to send people to sit on commissions. Every five years, you have a trade policy review with the WTO staff. It's useful work, but it's also work -- a burden.

So one of our projects was to help the government gear up to meet those WTO membership obligations. We started getting much more cooperation and a lot more progress on that during the years I was there. It's an example of what I'm trying to say that, Egypt, and particularly the government under the new leadership, was stepping up.

Lagging Political Development

What happened in 2011 is that the economics of this, the improvement in income and economic sophistication, finally collided with the political side, which wasn't changing.

Q: Interesting.

RYAN: The tension between those two things became just untenable. All the AUC (American University in Cairo) people went out to Tahrir Square and said, "You know, OK, look, this political side has to come along."

Now unfortunately they hadn't built a political movement. Only the Muslim Brotherhood had done that, so that's who ended up benefiting from the revolt.

But my larger point is that it was this was a product of the long transformation that Sadat's opening set in motion.

Q: Right.

RYAN: People forget how things were under Nasser. Folks disappeared all the time.

Q: Wow.

RYAN: That had changed drastically also over the generations since Sadat took over. But NDP goons were still breaking up political rallies under Mubarak.

So Gamal's political project was the following. You start from the rule that religious organizations could not field candidates for political office. That's what prevented the Muslim Brotherhood from being a political movement, at least openly.

On top of that, Gamal's innovation was to establish a law saying that a political party could not field a candidate for the presidency unless it won at least a certain number of seats in the national legislature. This meant that Egypt's typical one-person parties, which prominent individuals would create during presidential elections, had to either disband (because they couldn't run a candidate for the presidency) or become true political parties with a sustained effort and a wide political base.

Q: OK.

RYAN: It was obviously the long game, but the point is that there needed to be a popular base for non-NDP political movements. And Gamal was saying, "OK, you elites out there, you want to run for president, this is the price." Now how long did that last? Not past 2011. Anyway, that was the theory.

Q: Uh-huh.

The Economic Program in USAID/Egypt

RYAN: Frank Ricciardone, who had been ambassador in Manila, showed up to be ambassador in 2005 in Cairo. I didn't have nearly as much contact with him in Cairo as in Manila, but there was some.

And his wife, Dr. Marie Ricciardone, came too. The family loved Egypt. He had been a political officer in Egypt 20 years earlier, and apparently when his tour was over the family refused to leave. He had to take a TDY job in Iraq so that his family could stay longer. But anyway, having him as Ambassador was good.

So, turning to USAID's economic growth program, on the money side its traditional annual budget was nearly \$600 million: \$200 million dollars for the Commodity Import Program, which was earmarked by Congress via "not less than" language in appropriations bills, plus \$200 million for policy-conditioned cash transfers, and up to \$200 million for technical assistance and capital projects.

Q: OK.

RYAN: The Egyptians insisted that the cash transfers go into their own budget, but there was USAID input into local-currency counterpart funds' allocation.

So even though in my time there the budget was coming down along the 10-year glide path, the economic growth area was obviously the big-money part of USAID's program.

When I arrived in August 2003, the program was coming out of a pause related to Liz Cheney's involvement. Cash transfers in particular had been held up during her discussions, along with some of the technical assistance programs.

So I distinctly remember that with the new Fiscal Year 2004 funds coming available for obligation, adding to the funds that had been held up before, the amount our office had available for obligation was one billion, 33 million dollars.

Q: Wow.

USAID's Economic Office

RYAN: The Directorate when I arrived had roughly 45 staff, including nine Foreign Service Officers: me and four divisions with two FSOs each.

There was an economic policy division, which was in charge of the cash transfers and economic policy issues. Tony Chan headed that division, and curiously, one of his predecessor economists, Bob Wuertz, moved from Cairo to Manila to take the Democracy Officer in OEDG with me, succeeded me as office chief, and subsequently returned to Cairo and succeeded me as office chief there!

There was a Private Sector CIP (Commodity Import Program) division with two wonderful long-time American employees, Bob Van Horn and Lynn Dunn, who really ran that program well. (Getting agreement with Egypt to restrict the CIP to private importers had been one of the main achievements of U.S. negotiations on assistance policy.)

And there were agriculture and private industry divisions, which were shifted to other offices in a subsequent mission reorganization.

Among the thirty-plus FSNs we had an FSN-13, Ali Kamel. I don't know if you had any grade-13s where you served. I'm not sure whether State has FSN-13s and in any case they're not very common. Usually 12 is the highest grade. Having 13s was one of those (almost) only-in-Egypt things.

Our office also had a satellite office in Alexandria for monitoring the arrivals of commodities at the port under the Commodity Import Program. It was in rented space separate from the Consulate, with two Egyptian program officers, a couple vehicles and a couple drivers. The Alexandria office was supervised by the CIP division in Cairo and was a resource for the whole USAID mission, so that anytime someone went to Alexandria we had a home base there with transportation.

Our economic growth office was affected by the Mission's downsizing, starting in 2004. The agriculture and industry divisions were moved to another office, which was losing its previous programs and would otherwise have had to shut down. So the Mission was re-balancing offices and programs, and of course the directorates started to be called offices: our directorate was renamed the Policy and Private Sector Office, PPS.

There was a RIF (reduction in force, or layoffs) among the FSNs, which obviously affected our office, including some Alexandria staff, along with the rest of the mission.

One of the things that was a big part of my work in my first year was personnel.

Q: That's interesting.

RYAN: Because there were so many people to manage, including not only direction and decision making as office chief, but recruitment and annual performance reviews. I didn't write reviews for all eight FSOs, but I wrote for at least four of them, and each of the division chiefs would have written for the other FSO in the division.

And I also chaired a panel that reviewed the reports written on other officers from around the USAID mission, covering ten FSOs. There were several problem cases. In fact, the Mission's Deputy Director came to me in advance and said, "The RLA [the USAID mission's lawyer, the Regional Legal Advisor] isn't a member of your panel, but I'm putting him on it because you're going to need him."

Q: My goodness.

RYAN: It was because there were some conflicts and potential firing issues, which thankfully are not very common. So I spent a lot of time on that, mainly the first year. Although of course the process starts afresh every year, subsequent years weren't so fraught as the first.

I hope I managed that okay. By then, I was in my mid-50s and had almost 20 years in USAID missions, so I could be looked upon with a straight face as a relatively senior authority figure.

The Policy Program

Also during my first year, the Bush-Cheney people were still negotiating on policy conditions for the cash transfers. This was done by videoconference between Washington and Cairo.

Q: Were you part of the negotiations?

RYAN: I was preparing both sides for the talks, as well as leading the drafting of the resulting MOU (memorandum of understanding) and of course directing implementation. But in terms of the negotiations, I wasn't the negotiator.

On the other hand, I was present and partially at least on camera. I was the guy who was whispering in the ears of the people in Cairo, keeping them on track.

It was all worked out and we signed an MOU for the coming several years.

Washington had decided that it should focus on the financial sector. This was the result of two things. First, when Washington gets involved, you narrow down to a very small number of issues to match Washington's limited bandwidth. Secondly, Republicans for some reason always want to do financial sector stuff.

Q: OK.

RYAN: And I can say from experience in four different posts, Republicans love "investment funds." Everybody likes openness, private sector promotion, rational economic regulation, and so forth. Everywhere I've been posted, everybody's for all of that. But private-sector investment funds consistently got emphasis from the political people under both Reagan-Bush and Bush-Cheney administrations.

In reality, the program remained broader than just the "financial sector," but that's how it was titled. Congressional appropriations don't have to limit themselves to the latest trends in administration policy, and individual members and staff continue to support programs they consider important, alongside the administration's priorities.

So a lot of work in my first year went into getting the overall program agreement done. It was a multi-year program with annual triggers for funding each of a number of different sectors -- basically it was a plan to manage all plant and animal life in Egypt.

Q: Right.

RYAN: It kept a number of people busy.

P.L. 480 Counterpart

RYAN: In addition to the USAID budget, the mission managed the programming agreement with for the P.L. 480 local currency that was generated every year.

Q: Right.

RYAN: That was typically on the order of \$350 million. The Program Office was in charge of the negotiation with the government to allocate that local currency to different budget headings. But the problem was that it was so complicated that nobody could understand it.

Back in Zaire I think we had an \$80-million P.L. 480 program, and we divided it very simply. The government got 10% and USAID got 90%, which the Program Office put into the project managers' budgets alongside their dollars.

It would have been nice if it had been that simple in Egypt. So I got involved in a substantial reform and clarification of the programming process for that big chunk of money.

Supporting the New Cabinet

In my second year, starting in the middle of 2004, the new economic cabinet came in. Youssef Boutros-Ghali was at the head of the economic group and Finance Minister. Prime Minister Nazif, an engineer, was the political head of the cabinet.

They turned to us and they said, "OK, here we are, we know everything, we have MIT PhDs in economics, careers in World Bank, and we've reformed more countries than you've seen on the map. We know exactly what we want to do. So, what I want is for you (USAID) to finance a group of lieutenants that we're going to hire to manage the change process for various reforms."

Q: Right.

RYAN: But although USAID had been giving budget support to all of the Government of Egypt agencies that were counterparts, for some reason the mission had been very resistant to the precise thing that Youssef was requesting.

But for me, on the other hand, this was very familiar, particularly from the Philippines, so I said, “OK, let’s go ahead and do this.” So we innovated from the USAID side. That was part of the reform of how we managed local currency.

Q: OK.

RYAN: The funny thing about that is that once they hired these guys, who were making more money than I was -- I mean, these were professionals coming out of the international organizations and private sector -- we in the Economic Growth Office ended up negotiating technical assistance agreements with the same advisors whose salaries we were financing.

Q: Interesting. You were paying their salary and then negotiating with them.

RYAN: Right. Actually, although the money for their salaries originated in USAID’s programming process, really it was owned by the Government of Egypt and the individuals were contracted by the Government of Egypt. It wasn’t the USAID contracting office that was recruiting these folks, it was the ministry that did it.

Q: Oh, OK.

RYAN: But the point is, the ministries were responsible to us for how they used the funds, and we had an agreement that they would be used in that way, and so yes, in that respect we were financing the guys that were negotiating with us. But that’s ok, that’s what USAID does, we’re on both sides of the table all the time. Maybe you could say that we *are* the table. That’s the thing that’s different about us.

Q: OK.

A Consolidated Economic TA Facility: TAPR-II

RYAN: On our side, the other thing that changed, besides the downsizing, was the consolidation of economic technical assistance into a single umbrella operation. It might have been Washington who wanted this. Anyway, whether it was Washington’s idea or his own, the new Mission Director (Ken Ellis) asked me if I could do it.

Q: Right.

RYAN: I don’t think he was sure that it could be done, because he brought it up somewhat tentative, saying something like, “I wish you’d do this.” It may have seemed like pie-in-the-sky.

But on the basis of my experience with AGILE in the Philippines, it suited me fine. In Manila also, we consolidated a number of different management units for economic technical assistance. So I said, “Yeah boss, we can do that. Let’s do it.” And so designing

and getting approval for an umbrella technical assistance contract was one of the other main things I did in my first year in Cairo.

We inherited a program that was called Technical Assistance and Policy Reform (TAPR), which was largely a facility to monitor performance of the Egyptian government on the measures that were conditions of cash transfer program.

It became convenient for USAID's internal bureaucratic reasons to characterize the new umbrella project as a continuation, TAPR-II, although it became much more than its namesake had ever been. It was a \$104 million TA (technical assistance) contract, almost double what AGILE's budget had been.

The chief of the implementation team who was assigned by the winning bidder for TAPR-II turned out to be a guy who had headed one of our TA projects in the Philippines -- not AGILE, but one of the other ones that remained separate, a project that assisted the Philippine Department of Finance with tax analysis and revenue projections. He and his wife are from Quebec and are French speakers, so Paulette and I had socialized with them in Manila.

Within our office, I assigned two co-directors to oversee the TAPR-II contract, one American FSO (Mark Gellerson, my old colleague from Pakistan) and one Egyptian (Ali Kamel, one of the FSN-13s), who was one of the FSN-13s. Having dual managers was unusual and perhaps not ideal in principle, but there was a lot to follow up on and we were going to need teamwork anyway. Different parts of our office and the mission had technical involvement in different parts of TAPR-II, but contractual oversight rested with the contract office, of course, and with the two co-managers (and with me, since the office chief is never really off the hook).

Microfinance

Our office also had a good microfinance program. At one point it was proposed as part of the mission's reorganization to move it to another office, but unlike the case of the other programs that moved in the course of rebalancing the offices under downsizing, I argued against it. Microfinance fit our office best and I was pretty sure that I was the best person to oversee it. I was happy that mission management thought it over and agreed that the economics office would keep it after all.

Egypt doesn't have the NGOs or the bank structure that Nicaragua or the Philippines had, so there was a lot more institution building that needed to be done in Egypt. But the industry was growing rapidly and securely.

One of its service areas was the Sinai, going right up to the border with Gaza, so that was interesting. Besides the geopolitical angle, it's right on the Mediterranean. It's also an interesting physical area: the sand dunes go right up to water's edge.

Q: Yeah, interesting. You're right.

Legal Education: The Law-School Partnership

RYAN: The other area that I became personally directly involved in was professional education. By professional education I mean higher education but not liberal arts education, rather, training for professional-level work, including not just doctors and lawyers but also for areas like agriculture. An agriculture university provides what I would term “professional education.”

Q: OK.

RYAN: It started with legal education. The mission strategy had a one-sentence commitment in one of its agreements to assist legal education at Cairo University. I don’t know how that sentence got there and no one apparently knew what the content of it was supposed to be. I know that the Democracy Office did judicial training for the courts and the judges, but legal education was for the Economic Office to do.

Q: Well, just to toss in here, in other countries where I served with USAID, among the judicial education activities they did, was to train clerks. It was to assist in digitizing records, so that they could move easily from police to prosecutor to court and back again.

RYAN: Yes, docket management.

Q: Exactly.

RYAN: Right. That’s for the courts as institutions. Our judicial assistance often supports training institutes for judges also, but for substantive law.

Q: Right.

RYAN: Our Democracy Offices assist electoral systems, court systems, to some extent political party regulation, ombudsmen, anti-corruption stuff, and civil society problems. Unless I’ve forgotten something, those tend to be the areas where a USAID Democracy Office is engaged.

In the rule-of-law area, a lot of the content of the training is going to be economics, like bankruptcy law, intellectual property rights, or contract law. So in Egypt the Democracy Office’s judicial training assistance sometimes used technical people from the economics office’s programs to lead seminars in the judicial academy.

Q: OK. But now when you say also training in human rights, you’re not talking about training police, is that correct?

RYAN: Sometimes, but USAID needs to get a special dispensation to have anything to do with the police -- even human rights training.

Q: Right, right, right.

RYAN: For example, in the case of Mindanao, in the Philippines, there was a proposal that we should support “community policing” by refurbishing soccer fields and providing soccer balls for community engagement programs. This was for the Autonomous Region in Muslim Mindanao (the ARMM) that had been established in that peace agreement in 1996. But no, USAID couldn’t buy a soccer ball for the community police initiative. That was getting too close to the police.

Q: Right.

RYAN: So anyway, on legal education in Egypt, one of our senior FSNs, Iman el-Shayeb, was quite interested. So I got together with her and what I suggested was that we propose to Cairo University’s law faculty that they create a U.S.-style LL.M. (Master of Laws) degree program in International Commercial Law. And we would support them by recruiting and paying for a partnership with the U.S. law school to do that.

Q: OK.

RYAN: Iman agreed, so that was the pitch. I can’t quite remember how I decided that this was the pitch I wanted to make. One thing to note is that U.S. law schools are graduate schools, while a law school in the continental tradition is an undergraduate program. And so to make a fit we were going to take people who already had an undergraduate law degree and were thus practicing lawyers.

Q: Right.

RYAN: And we were going to give them a postgraduate degree, not a JD. What we have in the U.S. as a post-JD degree is an LL.M., which you may be familiar with, I don’t know.

Q: Yeah, I’ve heard of it.

RYAN: Not that many American lawyers, at least traditionally, did an LL.M.

Q: Right. Typically, it would be for someone who also wants to teach or do research.

RYAN: There are a relative handful of U.S. law schools that have doctoral degrees in law, and those are research degrees. The LL.M. is not a research degree, it’s typically a degree in a focused area beyond what you get in a standard JD program.

Q: Oh, OK.

RYAN: Apparently, for U.S. lawyers the most common LL.M. is in tax matters, because tax is so arcane you can’t get enough in a standard three-year degree.

But that's for the U.S. students. The majority of students in U.S. law schools getting LL.M.s are coming from outside the United States. And the reason is that there are at least a couple of state bar associations, and notably the New York State Bar, that allow you to sit for the bar exam if you are a qualified lawyer in your country of origin and you have an LL.M. from a U.S. law school that has an ABA (American Bar Association) certified JD program.

Q: Oh, interesting. No, I didn't know that.

RYAN: In Cairo for example, all the law firms that serve international companies, the multinationals, would like to have people who are in the New York bar.

Q: Sure.

RYAN: How do you get there? Well, you go off to NYU (New York University) for example, you put in your year for an LL.M., and then with some luck you pass the bar exam, and you go back to Cairo, or you go back to Singapore, wherever your home is, and you are in the New York bar. I don't know which subject matters tend to be favored, but for the purposes of our strategy in Egypt it was International Commercial Law that we pitched to them.

So Iman, my female FSN colleague, and I went to the Justice Ministry, pitched the idea, and they said, "Great, let's do it."

Q: OK.

RYAN: "But," our counterpart in the Justice ministry said, "You know, I got my legal training from the Alexandria University. Couldn't you add Alexandria University to your program?" We swallowed hard and said, "Well, OK, we'll see what we can do."

And I'm actually glad I did it. The program in Alexandria did not prosper and ended early, even though the faculty there was very cooperative. But one of their faculty members was a Berkeley law school graduate who was a great guy and was really super helpful to us. The University of Alexandria is right on the Mediterranean, next door to the Bibliotheca Alexandrina, the new library.

Q: Right, right. I've heard that one of Egypt's new aspirations is to eventually restore the greatness of the old Alexandrian library.

RYAN: Right. Well, the location was just fabulous. Unfortunately, it was a much smaller market area and so we never got enough enrollment to keep it going. The hope was that we would get international enrollment. The university already had some arrangements with Lebanon and Sudan, and there was an idea to build enrollment from countries in the region. But it didn't mature quickly enough.

Q: What would be the language of instruction?

RYAN: English.

Q: Oh, OK.

RYAN: That is actually an interesting question. A good question. Thank you. Because traditionally in Egypt the language of instruction for law was of course, as everybody knows, French.

Q: Oh. [Laughing]

RYAN: Napoleon, and the prestige factor. The British were Johnny-come-latelies. The French were much more involved all through the middle of the 1800s than the British were.

Q: Uh-huh.

RYAN: The story of legal education in Egypt is important. Up until '52 when the military took over, all of the ministers, the prime ministers in the previous 50 years of progressive rationalization of administration in Egypt, all had been Cairo University law graduates. Also, all of the successor states of the Ottoman Empire had their constitutions written by Cairo University law professors.

Q: That's impressive.

RYAN: Cairo University is the mother ship of legal scholarship in the region -- speaking of European-style law, distinct from Islamic legal studies at Al-Azhar.

But Nasser and the military regarded all these lawyers as political enemies. So the emphasis in Egyptian higher education from that time on went to engineering, a good military subject, and to medicine. Law became the residual thing. The people who had the lowest secondary school exam scores went into the university's law school.

You now get to guess, when I arrived in Egypt, how many undergraduate law majors were there in Cairo University?

Q: Oh God. I would imagine many, but I have no idea.

RYAN: Well ok, since you have no idea, your number will be a complete guess.

Q: One thousand.

RYAN: Forty-five thousand.

Q: Oh my God. It would have taken me a long time to get that far.

RYAN: Many of these were nonresident students. If you've taken some courses but have not passed the exam, you leave the university but you can pay fees and take exams as an outside student.

But the point is, it was a complete rout for legal education. So what the Cairo faculty had done at one point, with the assistance of the government in France, was to set up a French section, which had the privilege of restricting its enrollment. So not only is it helpful to have support and technical resources from the French government, but you can have some quality control within your own organization -- you aren't drowning in underqualified students. Eventually they also managed to set up an English section. But each of those in turn became overcrowded. It was very difficult to defend a high-quality program.

Q: Sure.

RYAN: You always had to have some reason to create an exception, and then you had to defend it.

Well, that's what we did: the U.S.-assisted LL.M. was an exception. There's a ministry for higher education in Egypt, but the Ministry of Justice and our counterparts at Cairo University said, "Leave that to us, we'll take care of it." So USAID didn't interface with the higher education ministry.

We basically did two things. One is that TAPR-II took care of assisting the physical upgrading of facilities and library resources. And, TAPR-II also helped the market search for a U.S. law school partner.

The search was a very interesting experience. We got responses of different kinds. And without mentioning too many law school names, the school that made by far the best offer was the Indiana University law school in Indianapolis.

Q: Interesting.

RYAN: They offered to give an IU (Indiana University) degree for programs that would be taught in Cairo and Alexandria by people who they would bring so that the Egyptians and the American side would work together.

Q: Wow, OK.

RYAN: My colleague Iman had always emphasized the importance of getting a partner who would offer its own, U.S. degree, but I never thought we would get one.

Anyway, Indianapolis's law school became our contractor and set up a program with Cairo and Alexandria that, since it was for working lawyers, was delivered through evening classes. They did one course at a time, a whole course in six weeks. That would

allow a U.S. professor to complete a course without too long an absence from the home campus.

To introduce the university in Indianapolis, it's a joint project of Indiana University and Purdue University: the Indiana University-Purdue University in Indianapolis, IUPUI, pronounced Oo-Ee, Poo-Ee.

Q: [Laughing]

RYAN: Indianapolis had a collection of professional schools that in the '60s were brought together with a relatively young undergraduate program to create a new university. Since it included engineering and Purdue has the statutory monopoly on engineering for Indiana's state universities, it was a joint effort between IU and Purdue.

Among the professional programs that the new university inherited was a law school that had been operating since the 1800s, a different institution from the Bloomington law school. The Indianapolis law school is not as highly recognized academically in the national market and primarily trains lawyers for the Indiana market.

Q: Oh, OK.

RYAN: So, for example, Dan and Marilyn Quayle both have their law degrees from Indianapolis, not from Bloomington. Mike Pence's JD is from Indianapolis.

Q: Interesting.

RYAN: The other thing is that the Mayor of Indianapolis while IUPUI was being created in the '60s, who was apparently supportive and engaged in it, was one Richard Lugar.

Indiana University Connections

Q: Ha! OK. But now just a quick question. In any of these incarnations, did Indiana have any previous connections with the Egyptian education system?

RYAN: Well, yes. I don't know if I mentioned any of this to you before. Indiana University was blessed with an exceptional president whose name was Herman B Wells. He came from a small town in Indiana and got his bachelor's degree in business from IU. He then became the secretary to the Indiana state bankers' association. I think he was on the business faculty at IU in Bloomington but he was also the chief administrator for the bankers' association in the 1920's, as a young guy in his 20s. (He was born in 1900.)

Now, you know that the United States banking system crashed in the early 1930's.

Q: Right.

RYAN: Within 36 hours of when Franklin Roosevelt took office, it was still March in those days, March 1933 ...

Q: Right.

RYAN: ... every bank in the United States was closed.

Q: Remarkable.

RYAN: FDR put a nationwide bank holiday in effect. In Indiana they had gone through that a bit earlier but had managed to reopen the banks a little bit before the crash of the nationally chartered banks. Wells had been in the center of the reforms that accomplished that.

In his job, he had gone around to all the banks in all the counties in Indiana over the years and knew every banker in the state of Indiana, so he was a natural leader for the special effort needed to stabilize the banks during the crisis.

And so professionally he was very capable, very well liked, and very well connected. Personally, he was single for his whole life and the presumption was that he must have been homosexual. Nobody quite knows and it never became an issue, that I'm aware. Also, he was on the short side and was heavy. He was a distinctive person in every way.

Q: Oh my.

RYAN: In about 1934 or so the dean of IU's business school retired and somehow little Hermie got named as business school dean. And the following year the president of the university, who had been president for 35 years, retired. As they were casting about for a replacement, there was some question whether the governor of the state was going to take the job. Anyway, Wells became president of the University at the age of 35.

Q: Wow.

RYAN: Among the various things he did was integrate the university racially, which was a non-trivial achievement in southern Indiana in his era. He integrated the IU basketball team -- think about that.

Q: That's no small thing.

RYAN: He also presided over the post-war expansion supported by the GI Bill, which included my father by the way. He was president until about 1961, for about 25 years. And he was only barely over 60 when he resigned.

In addition to all that, this guy from a town much smaller than Bloomington, northwest of Indianapolis, ended up being heavily involved in international affairs. It started when he was one of a group of university presidents who were sent by the U.S. Government on a

Latin American tour in about 1942. This was the time and place when the United States started its first organized development assistance program, which eventually became USAID.

It was Nelson Rockefeller, believe it or not, who was in charge of it. A Republican under FDR.

Q: No. Interesting.

RYAN: Of course the Rockefeller family had a lot of business involvement in Latin America. Nelson was then a young guy.

Anyway, Wells went to Peru with the tour and started developing international connections. All through his career he did that. Partly as a result, IU in Bloomington teaches more foreign languages than any other university in the United States.

Q: Interesting. I didn't know that.

RYAN: Who would? But in fact IU's a very international place.

Wells was asked to join General Clay's staff in Berlin after the war. One of the things he did there was to help establish the Free University of Berlin.

Q: That's remarkable.

RYAN: Because the Humboldt University was in the east zone. Later, at the end of the 50's, Wells was on a National Education Commission in Pakistan.

Q: Wow.

RYAN: Pakistan had mainly teaching colleges, as part of a British system where you have an examining university and teaching colleges. The U.S., on the other hand, was adopting the German model of research university, starting famously with Johns Hopkins.

Wells proposed that Pakistan create a Johns Hopkins for themselves. The proposal was accepted with the idea that it would be established in the planned new capital city, Islamabad, so that the university was to be Islamabad University.

Wells brought in a number of IU people, including librarians and architects, to help get it built and going. The university is now known as Quaid-i-Azam University, after the title given to Mohammed Ali Jinnah, the founding father of Pakistan, which translates as "The Great Leader."

Wells was also on the board of the American University in Cairo after he left the presidency at IU.

Q: Ah ha. OK.

RYAN: He was instrumental in bringing an IU librarian to Cairo to help build AUC's library facilities, and that person ended up becoming the president of AUC for several years.

Q: Interesting.

RYAN: I could go on about Wells and IU's international engagements, but having mentioned the countries where I had USAID postings, I'll leave it there.

To go back to USAID's legal education project, the Indianapolis law professor who designed and led their program, Frank Emmert, was a German national who had previously done something similar in Estonia, setting up a new law school at the time of Eastern Europe's transition from communism to market economies. He's a specialist in international commercial law. So he's ideally suited to what the program needed.

I should draw your attention to this program's timeline. I was a year in country before I even conceived what the program might be and started negotiating. Then, once we had agreement, we had to find a U.S. partner and get them under contract. At that point, IU, Cairo, and Alexandria had to work out the detailed design, including getting approval for the syllabus and degrees. We had to build up the facilities and they had to start enrolling people.

Well, that program had graduates before I left the country.

Q: Wow.

RYAN: Although the program wasn't that well supported after I left in 2008, they did produce about 300 IU (and Cairo University) LL.M. degrees, and thus IU has 300 alums among the leading lawyers in Egypt, who now form the core of a new IU-Egypt alumni association.

Q: Wow.

RYAN: We also assisted AUC's law department. AUC is basically a liberal arts college, but it has some professional programs. It has good engineering, for example.

At one point, a group of Harvard and Yale JDs in the political science department convinced AUC's administration to allow them to split off and create a law department. They were already teaching an MA in Human Rights law and created a new LL.M. in commercial law.

I hadn't realized that this was happening when I made the Cairo University proposal, so inadvertently we were providing subsidized competition to the private sector initiative.

Anyway, the leader of the AUC law faculty, Amr Shalakany, came to USAID for support on developing a strategy for their program. We financed the travel of three law professors who they had identified as advisors on what their department could realistically do. One of those three advisors, Jim White, was the head of the ABA's accreditation committee for JD programs in the United States.

Q: Wow.

RYAN: He was the natural person to advise a budding law school about what standards they were going to be judged against, right?

Q: Precisely.

RYAN: And by coincidence he's also a law professor at the Indianapolis law school. He probably lived about 200 yards from the German professor who was heading up the Cairo University LL.M. program, and another close neighbor and friend was Randy Tobias. Do you know the name Randy Tobias?

Q: It's not ringing a bell.

RYAN: OK. He was USAID's Administrator at the time.

Q: Ah. OK. Yeah, now I have a vague memory, Yeah. I was overseas at the time so only the highlights probably would have reached me.

RYAN: He was an IU business graduate who had an outstanding career at AT&T. Then he came back to Indianapolis and became chairman of the board of Eli Lilly, the pharmaceutical company. It was from there that the Bush-Cheney administration tapped him to be the head of their HIV/AIDS pharmaceutical donation program, PEPFAR, the President's Emergency Program for AIDS Relief.

Q: Well, PEPFAR I've definitely heard of because it became very well known worldwide.

RYAN: Randy Tobias was the first head of it, and then he made the transition from PEPFAR to be the USAID Administrator. In fact, I met him in Cairo at the same time that we had the Indianapolis law school program.

There's more about the Hoosier connections in Cairo, but I think we're running overtime. Can you afford the time?

Q: Oh absolutely.

RYAN: OK. I participated in a monthly business luncheon in Maadi, on behalf of the USAID Mission Director. The 25 people who showed up monthly were business people from the multinational community.

One was an American attorney, Bridget McKinney, who had a Bloomington JD. And so I let her know that we were embarking on the LL.M. program, and when we got the contract negotiated I was happy to tell her that it was an IU law school that was going to be the U.S. partner. So Bridget said, "That's wonderful, because I can tell you from the point of view of our law firm here in Cairo, that's exactly what we need -- people who have exactly that training -- so that's great." And then she said, "By the way, I don't know if you know that my father-in-law is on the IU Board."

Q: The board of trustees I imagine.

RYAN: Board of Trustees. And I said, "What??" Here's the reason why this is important. Part of the idea was to develop the IU partnership as a self-sustaining program.

Q: Oh, I see. OK.

RYAN: Which, like all higher education in the United States, requires private financing.

Q: Right.

RYAN: The program could not depend on USAID indefinitely, which became abundantly clear later, as USAID backed away from it.

Q: Right. Right.

RYAN: So part of my self-appointed job was to develop a network of support for the IU initiative in Egypt, both in the U.S. and in Egypt, but particularly in the U.S.

Q: Right. Which would ensure its sustainability.

RYAN: Exactly. The business model of professional education is not that it lives off government budget subsidies. That was not the USAID project goal, either.

Q: Right.

RYAN: What's essential is that the stakeholders ratify the effort by contributing to it financially. It's up to the donors.

So when I heard that Bridget's father-in-law was on the IU Board of Trustees, it tells me two things: (a) he has an interest in higher education, as well as family in Cairo, and (b) he is not poor.

Q: Oh absolutely. You have to have something in the way of means to be a trustee.

RYAN: Bridget was in Cairo because her husband, Robert McKinney Jr., the son of the IU Board member, is a scholar of Islamic studies and was at AUC as a professor.

Q: Oh, interesting.

RYAN: And she was a lawyer with an international law firm in Cairo. So already our program had one potentially important contact and I was thinking, “OK, what opportunity is this going to bring us?”

Q: Right.

RYAN: And then Bridget says, “Oh, by the way, do you know Curt who sometimes attends these meetings?” I said, “Yeah, sure, I remember Curt. Curt Ferguson, the Coca Cola guy.” And Bridget said, “Yes, and his father is the chairman of the IU Board of Trustees.”

Q: [Laughing] Wow.

RYAN: It turned out not to be true.

Q: Oh.

RYAN: It was his uncle.

Q: Oh, OK.

RYAN: Curt, who was actually born in Ohio, went to IU and is a huge IU supporter. His uncle, Steve Ferguson, was indeed, up until a few years ago, chairman of IU’s Board of Trustees. I learned by looking them up that the Fergusons are a Bloomington family, while the McKinneys are an Indianapolis family.

Q: Right.

RYAN: And so I called my aunt in Bloomington, my aunt who has stayed there since the family arrived in 1940, and asked, “Do you know the Ferguson family? You must have heard of Steve Ferguson.” And she said, “Yes, Steve Ferguson, yes, of course, I know who Steve Ferguson is. But, you know, it was Jim Ferguson, his brother, who we knew. Oh, your mom and Jim Ferguson were best friends in high school.” And on and on. It also turns out that Jim’s son went to law school with my cousin George. So anyway, yes, we knew the Fergusons. So I’m thinking, oh my God!

Q: [Laughing]

RYAN: I wonder who else there is to know about. So I go to the Internet and started looking up the trustees of Indiana University. Of course, there was Dan Quayle, Vice-President of the United States.

Q: Right. Yeah.

RYAN: And his wife, Marilyn Quayle is also an Indianapolis JD. His family is actually from Arizona, but Marilyn is from an Indiana family, the Tuckers, and they are not poor either. Also, Marilyn was on a USAID commission when Dan was Vice President, so she had USAID experience. And you've got Richard Lugar.

As I was looking this stuff up, I learned that in addition to IU and its Board of Trustees there's a foundation. Indiana University is actually an operating arm of an entity that's called the IU Foundation.

Q: Oh, OK.

RYAN: The university is not part of the state government. The IU Foundation is a 501(c)(3) or something like that, on whose behalf Indiana University runs the university. It's the IU Foundation that principally raises funds for the university. In recent years of course, state universities have had to basically give up on their state legislatures and start raising their own money.

Q: Right, right.

RYAN: And there's a board for the IU Foundation, like there's a board for the Indiana University. So I'm looking at the list of names on the Foundation board and I see this name that I recognize. And I think, OK.

I call up my dad who lives near Tacoma, Washington, and I say, "Dad, am I supposed to recognize this name, do I know this person?" And he says, "Joe, that's your Godmother."

Q: Wow.

RYAN: She and my Godfather live in Fort Wayne where they publish a newspaper. Also, it turns out that he was at one time the president of the IU Alumni Association. Now, it's their daughter who is on the IU Foundation board.

I'm learning all this while I'm in Cairo, Egypt, right? This was a huge nostalgia trip for me.

Professional Education in the Development Process

Later in my time in Egypt, our office at USAID also developed programs with Cairo University for their commerce faculty and their economics faculty. Georgia State University implemented both. Georgia State is one of the U.S.'s most active universities in international development. Two of their schools were involved, the Andrew Young School of Policy Studies on the economics side, and the Robinson School of Business on that side.

So we started doing a lot of things in professional education because I increasingly became convinced, like Gamal had been, that that's what is going to make development

happen. That key person, someone like Youssef Boutros-Ghali in the Ministry of Finance, is what's going to make it happen.

Q: Right.

RYAN: The people who play those roles, not necessarily that large a number from a demographic point of view, are going to be the key people, not just for USAID but in general.

It turns out that historically USAID has done an awful lot in this area. But I'll talk about that when we get to my next post in Pakistan.

Anyway, when we opened the LL.M. program we had a ceremony in Alexandria. Ambassador Ricciardone attended for us, with the chancellor of the university and all deans of the schools around a big table. The chancellor went around the table for introductions, and every dean there said the same thing. "Where is my U.S. partner?"

Q: Ah.

RYAN: "When do I get my U.S. partner?" And it became clear to me that we could do this in 20 different subject matters.

Q: Wow.

RYAN: And you know, for nickels and dimes. Our grant to the Indianapolis law school for a five-year program was about \$7 million. Which for us, particularly in Egypt, was nothing. For an academic organization, it's a fortune. That was probably one of the biggest projects the Indianapolis law school had ever had.

Q: Wow.

RYAN: So it would be easy. We could do 20 grants of \$10 million over ten years, and the annual cost would have been a small part our budget.

Q: Right.

RYAN: I think that that would transform a country.

Q: That sounds reasonable.

RYAN: It would take time, but you would have graduates almost immediately. In 15 years they'll be running everything.

Q: Right, exactly.

RYAN: They would run all the agribusiness, they are going to run the government, they're going to run all banks, and they'll run all the law firms. Everybody wants U.S. graduate education anyway.

Q: Now, wait one second. I don't want to throw cold water on that idea. But 20 years have already passed since Chinese students did exactly what you are saying, and looking at China today, sure, its GDP is still quite respectable, but I'm not sure that the society has improved very much in the 20 years.

RYAN: I think that's an excellent point. The development process that these professionals lead is a long one that takes many turns. That's why their professional qualities are essential to the process. There's no such thing as a known solution that can be administered at one moment in time.

Q: Yes, of course. And I am not trying to nitpick that idea, because I totally agree with it. But all I'm trying to say is that you can do that and nevertheless, because of crony capitalism, or other kinds of manipulations, still not get everything you're hoping for.

RYAN: One of the things you really need to combat crony capitalism is more capitalists.

Q: Of course.

RYAN: There's too few of them and they're getting away with murder.

Q: Right, right, right.

RYAN: And then you need somebody like Rachid Mohamed Rachid, the business executive who understands how market mechanisms work well and who became a minister -- which is not through crony capitalism. And you need policy people as well as a lot of competitive entrepreneurial people. You need to flood public administration with good people. You need to flood medicine, you need to flood engineering, you need to flood agricultural engineering, you need to flood power engineering. You need to drown the system in competence.

Q: Agreed. I totally agree.

RYAN: And you know something? We know how to do that. I think we proved it.

Q: OK. So we took a momentary digression out of your story into strategic discussion and I want to let you go back to USAID's program.

RYAN: My personal nostalgia Hoosier stuff was relevant from the point of view that we really needed to find lead sponsors and donors for the IU Cairo legal education program.

Q: Yes.

RYAN: That would be somebody who would have the vision to say, “You know something, there’s only one Egypt. There’s only one Cairo University law faculty. And the role that that could have, and the potential benefit for IU being associated with that potential role” ... and so on. The foreign affairs benefits to the United States. Something that Richard Lugar would see in an instant. He’s here now, at IU. As is Lee Hamilton by the way, I don’t know if you know that name.

Q: Oh yes. These are all of the old giants of the foreign policy establishment.

RYAN: Yes. Actually, I run across Lee in the hallways here in the public policy school. His son was just last year elected mayor of Bloomington.

Q: We as an organization would be very honored and would hope that Richard Lugar might consider giving us maybe not an entire life story interview, but even a relatively short moment in diplomatic history interview. Just in case you run into him.

RYAN: OK, he is associated with the new School of Global and International Studies that IU established in 2012 within the College of Arts and Sciences. It used to be a division of the college, but it was elevated to the dignity of a “School” and given a head who is a “Dean.” The Dean is a human rights lawyer by trade, but he was an ambassador in Poland: Lee Feinstein.

I know Lee Hamilton a little bit, but I’m afraid I know Senator Lugar hardly at all.

Q: No, I wouldn’t have expected that you could just ring him up tomorrow.

RYAN: But in terms of the question of whether we could develop a sponsor for IU’s engagement in Egypt, note that Robert McKinney Sr., the father-in-law of Bridget, made a donation to the Indianapolis law school in about 2011, so that it is now the McKinney School of Law. So this was not hallucination, these things are possible.

Q: But now, to go back for one second, it sounded like, for all these potential connections, it wasn’t really possible to make it work?

RYAN: I didn’t get that far. And part of the problem is this. It’s that the IU Foundation, and the vice presidents for development and so forth, jealously guard the good contacts.

Q: Yes, I imagine.

RYAN: And poaching is basically punishable by death. But that doesn’t mean that a good idea won’t find its place. It’s just that there really are a lot of bureaucratic politics, even within just the law school in Indianapolis.

Q: Yeah, no surprise.

RYAN: I did meet Robert McKinney Sr. in Indianapolis, along with a couple people from the IU Board of Trustees, during a trip back from Cairo. One question that came up was, why didn't the Bloomington law school get in on the Egypt program? So there was interest, but it just didn't mature rapidly enough, and USAID in Egypt didn't have enough staying power and vision to make it happen. I needed more help in pulling strings.

Now Ambassador Ricciardone thinks the world of Senator Lugar, and I got him to write the Senator a letter informing him about the program starting up. And in the ceremony in Indianapolis where Mr. McKinney's donation and the naming of the school was celebrated, his son and daughter-in-law were present and Mr. McKinney mentioned the Cairo program in his remarks.

As time has gone along, Ambassador Ricciardone is back in Cairo as the president of AUC, and about five years ago (long after I was gone) USAID/Egypt established a higher education program, HEPP, Higher Education Promotion Program, one of whose goals was to recruit U.S. university partners for up to 20 professional programs with Egyptian universities.

Q: So your idea prospered, but not until a bit later.

RYAN: Yes. In fact, here at IU we were making the rounds to see who might be interested in USAID/Egypt's. But then all kinds of administrative things on the USAID end fell apart, so the idea seems to be in abeyance again. But the idea is there.

Promotion to the Senior Foreign Service

By the way, let me say that I got recommended for promotion into the Senior Foreign Service in 2005.

Q: Aha, so while you're in Egypt doing all these different things including the personnel stuff and everything else.

RYAN: Yes, while I was there. I had only been in the FS-01 grade for three years at that point.

Q: Three years is a relatively short time.

RYAN: I guess, but then I'd been an FS-02 for 13 years. Anyway, the SFS promotion became effective in April 2006 and my new seven-year TIC ran through April 2013, which was about four years longer than my previous TIC.

Summing Up on My Posting in Egypt

Q: Right. As you look back on the tour, what lessons had you learned about how AID functions there, and if there are recommendations you would make based on five years in Egypt with having done all these different things?

RYAN: I think what really stands out is the importance of local leadership. Look at the contrast between the slow, steady, but grudging reform in progress up to 2004, and the burst of creativity and modernization that occurred with the new economic cabinet starting in 2004. They knew exactly what they wanted to do. They needed people and for that they needed money and then those people needed a lot of resources -- but they knew we (USAID) were there and suddenly, wow, they did so much.

Q: It's interesting in that they essentially came to you and said, "We can do all this, but we're going to have to graft on top of these old bureaucracies a much smaller and more capable one that you are going to help us pay for."

RYAN: Exactly. Like Youssef Boutros-Ghali for Customs reform. His point of view was that if we fix things in this reform, then Customs would require many fewer people.

I didn't talk much about income tax reform in the Philippines. That was another area, like Customs in Egypt, where the administrative aspects of reform were tougher than the policy aspects. Politics is actually rougher in the Philippines -- we had a bomb threat once, not directed at us personally, but to de-rail the overall process.

Q: Wow.

RYAN: In Cairo also, there were major government personnel issues inherent in policy reform. A lot of rice bowls might be broken. But the Minister was determined. A new administrative system for personal income tax system was put in place in Egypt, and from one year to the next, the number of personal income tax returns filed tripled.

Q: Wow.

RYAN: People were delighted with the new system. They had been trying for years to obey the income tax laws, because if you don't, you get in trouble. You become vulnerable.

Q: Right.

RYAN: Bureaucrats will pick on you. Bad situation. People wanted to comply but they couldn't. There was no system. No one knew how to comply. Even the tax agents couldn't tell you how to comply. But the reforms fixed that and the number of returns just skyrocketed.

Q: That is remarkable.

RYAN: Getting trademarks registered -- they worked off a backlog of 10,000 applications.

Q: I mean, this is the engine of capitalism. In other words, this is exactly what needs to be done in order to get a modern economy moving.

RYAN: And this was happening for several years on top of three decades of steady progress, with new hotels being built for the tourist trade and all kinds of things. People were really optimistic. They were feeling their oats. They knew that Egypt didn't have to be backwards, it could stand up with anybody, and they went out to Tahrir Square to say so. That's exactly what happened, in my humble opinion.

And Youssef Boutros-Ghali went to jail.

Q: Wow.

RYAN: Actually, I think he got out of the country. Rachid Mohamed Rachid went to jail, because he was a Mubarak supporter. Everybody thought, "Oh, we get rid of Hosni Mubarak, and that's all we need."

Q: Oh, my. OK. And I recognize that you were not there at those particular moments.

RYAN: No, but I got some anguished phone calls from Egyptians in Cairo. I was in Islamabad at the time so I did a little bit of hand holding and in fact a couple things I wrote in to *The New York Times* may have helped orient U.S. journalists to what was going on in those confusing moments. Because people really didn't understand, including reporters in Tahrir Square.

Q: Yes. And of course, all that the majority of Americans see is what the media is reporting, and the media doesn't get into that level of detail.

RYAN: You know, the reporting came around. Eventually the information filtered around, and so they got it.

But unfortunately, in our attitude everything is anthropomorphized. It's always turned into personalities. And that's unfortunate because you really need institutions. You need movements that are organized that have structure, that have staying power.

Q: Right.

RYAN: So I think Gamal Mubarak was correct. It's hard to say whether his ultimate motivations were good, bad, or who knows? But if I were going to do it, I would do what Gamal Mubarak did. The key thing is local leadership that builds institutions.

What else would I say about our own performance? I thought that USAID/Egypt showed commendable ability to rationalize old procedures, like the programming of the local currency for PL480 and the contracting for the big, TAPR-II umbrella contract. The Mission adapted and got better. So I think that we can take some credit for that.

Relationships with the Embassy downtown were fine. Of course, I knew the Economic Section people well. And the Ambassadors and DCMs (deputy chiefs of mission) were allies, especially Ambassador Ricciardone.

There were geopolitical episodes, like the crazy Congressional provision for signing grants to the democracy NGOs without informing the Government of Egypt.

Q: Well, that does raise an issue that we see in the last year or two under Sisi, which is where he's throwing out U.S. NGOs related to civic society and we even have one or two or more arrested.

RYAN: The thing that maybe I should have mentioned in that context is that the Egyptian government has a diversity of opinion within it. People like the economic ministers that Gamal put in place were viewed very well in some quarters, while the anti-American crowd, which was very well represented within the government as well as within the NDP, the National Democratic Party, Mubarak's state party, tried to make them out as American lackeys.

And so the economic reformers needed to work within that environment. They needed to tread carefully or they would lose the tug of war. And doing things like Congress's bright idea of snubbing the Egyptian government, their advice would be that it made it harder to pursue positive initiatives and so please don't do that.

Q: Yes.

RYAN: One curious thing in this regard was Egypt's ministry that coordinates foreign aid. The head of that ministry positioned herself as anti-American or at least an opponent of things that USAID supported in Egypt. How you can be that way in that position is a good question. She was a talented person, but roundly disliked by Egyptians whose opinions I trust. Egyptian reformers thought that they had sidelined that minister a couple of times, but somehow she always survived, thanks apparently to being close to Suzanne Mubarak.

But here's the point. You do want to recognize that there is diversity in these countries and that, as bad as the overall situation may seem, you do have allies there who are actually getting things done. And you have to understand that the overall bilateral relations will affect them. So if you think, as I do, that local leadership is critical, then the John Bolton-Liz Cheney type of rhetoric is counterproductive

Q: Right, I understand. For the next session we'll pick up with you in Islamabad.

RYAN: My transition from Egypt to Pakistan was complicated. I had at least two different assignments made and broken before I got to Islamabad. So we'll talk about the transition and then the three years in Islamabad, 2008 to 2011.

Q: Alright, so I'm going to turn off the recorder now.

Islamabad: 2008-2011

Q: OK, so today is July 13, 2017, we're resuming with Joe Ryan as he prepares to go to his next post in Islamabad.

From the War College to Pakistan

RYAN: Right Mark, thanks. Actually, after Cairo, it wasn't my next post initially, and how it became my next post was a little involved.

I was in a Senior Management Group position and bidding on other similar positions, which typically would have been mission Deputy Directors, although by then I was obliged to bid on Washington DC. Even with the resetting of my Washington departure date to January 1993, we were still coming up on 14 years in the field.

It turned out that my assignment, which came through in December 2007, was a great one: a two-year professorship at the National War College, in Fort McNair in Washington DC. USAID has two positions at the War College, and I was assigned to one of them.

Q: OK.

RYAN: But a funny thing happened on the way to Fort McNair. The incumbent was someone I've mentioned earlier: Fred Schieck, who had been the deputy in the policy bureau, PPC, back in the early '80s when I was there. Fred and I were the two who, in John Bolton's absence, presented the policy paper that I had drafted in the senior staff meeting that Peter McPherson chaired.

Anyway, in 2008 Fred went to the AID administrator and got himself extended at the War College, so my assignment was cancelled, after it had been made and announced. But USAID did something nice. They also had two instructors' positions in the Industrial College of the Armed Forces, which since 2012 has been renamed the Eisenhower School.

Q: Yes, right.

RYAN: Both of those positions were encumbered, but they got a temporary OK for my particular case to create a third position. And so that was the alternative assignment they offered me.

Q: OK. Was it a teaching assignment or was it as a student?

RYAN: An instructor.

One of the incumbents of the two regular positions was a USAID economist who I knew, and that person assured me, at least in his opinion, that the ICAF (Industrial College of the Armed Forces) assignment was better than the War College, at least for an economist, because you got to do more real stuff.

Q: Yes. In fact, I went to ICAF as a student in the academic year 2008-2009, and I would agree with that statement. The War College is a bit more about strategic level preparations thinking. ICAF is a bit more of the wonky side.

RYAN: Yes. It's more like a college where you study material from academic disciplines. Other people might not prefer that, but anyway, I think the answer is that an instructorship at either the War College or ICAF would have been a wonderful assignment for me. Especially long term, given my background. The problem was that on the personal level, Paulette and I still had the mother-in-law problem.

Q: Oh right, yes.

RYAN: We were still hosting her mother, who was unable to live alone, and it was very unclear to us that we would be able to support her adequately if we all had to go to the United States, and specially to Washington DC.

Q: Right.

The CPC Option and Safe-Havening

RYAN: We started preparing for that, but we also found an alternative -- an assignment to one of USAID's "Critical Priority Countries": Iraq, Afghanistan, Sudan, Pakistan, and maybe somewhere else, I forget. But for me, the reason why that would have been good is that USAID's package for volunteers included safe-havening in place for dependents.

Q: Oh, interesting.

RYAN: Which is different from State's package. State's package emphasized that you would get priority in onward assignments -- Paris or whatever.

Q: Right.

RYAN: Which USAID can't offer, not to very many people anyway. But safe-havening in-place, staying where you are, was made to order for us because that meant that Paulette could stay in Cairo and keep her mother there. And we'd have another 12 months for the ongoing search for a residence in France. Paulette's two step-sisters in France,

both living in Paris at that point, were looking at different options and trying to find something that was both good and affordable.

Q: Right, right, right.

RYAN: Because in terms of medical services, France is great, but no one, not even France, has solved the long-term care problem.

Pakistan was the obvious choice for us. I consider it a real USAID country, unlike Iraq, for example. It was a place I knew. The Mission Director at that time in Islamabad was one of my colleagues from the previous Pakistan assignment. In fact, I mentioned the couple prominently when I talked about my first assignment there. They were the ones who had a son who was studying French horn, and the husband was the one who was taking French lessons from Paulette to get his Foreign Service tenure. They were good friends and so I contacted her. She said, “Oh yes, by all means, do come. I don’t know what position we’ll put you in but don’t worry about it. We’ll create a position, just come.”

So that was about May 2008. Around February, the War College assignment had been cancelled, and then not too much later, the ICAF thing came up. It took a while for this to be sorted out. In terms of actually bidding on Pakistan and getting it done, HR (human resources) dropped the ball a couple of times. But anyway, that was of no real consequence to the ultimate assignment. So, the ICAF assignment was cancelled and I was preparing to go to Pakistan.

At which point the deputy chief of mission in Cairo started a one-person campaign to have USAID change its safe-haven policy and apply that change ex-post facto to my wife.

Q: Wow. OK.

RYAN: As I say, State’s CPC package was different from USAID’s. So he got the embassy to send a cable under the ambassador’s name to Washington recommending that State change USAID’s policy. State wrote back specifically declining to do that.

But even that didn’t end the matter, although USAID’s policy was still in place, because the Ambassador still has discretion on this, as with anything that goes on in country.

Q: Ah.

RYAN: The USAID mission director, Bambi Arellano, begged and pleaded on my wife’s behalf, so eventually we were allowed to implement USAID’s policy and Paulette was safe-havened for 12 months in Cairo.

I can sympathize with the DCM to some extent. For Paulette to be a member of the embassy, I had to remain accredited in Egypt at the same time that I was going to be accredited in Pakistan also.

Q: Oh, OK. That is tricky.

RYAN: Exactly. Not that Egypt and Pakistan would necessarily talk to each other. My assignment to Pakistan was actually arranged as a 12-month TDY.

Q: Oh, I see, OK.

RYAN: On another level it wasn't a TDY, because I was getting all the benefits of an assignment in Pakistan. This is not a financial problem on USAID's side. USAID always had local currency from local PL-480 and commodity import programs, some of which missions can use for operating costs.

Q: Interesting.

RYAN: In the country team, USAID always votes for higher FSN (foreign service national) salaries than any other agency in the embassy can pay, or wants to ask for budget to pay.

Q: Yeah.

RYAN: In any case, my accreditation in Cairo weighed in the total number of U.S. staff in country, and that's never something taken lightly I don't think.

Q: Yeah, right, correct.

RYAN: Anyway, Cairo managed it. This was the only time I ever made a pain of myself over assignments.

Ironically, while this was going on, one of Paulette's sisters came up with a residence in France for my mother-in-law. So, we moved her there in March 2008 while all these negotiations were going on. I didn't go to Islamabad until October.

Q: Oh, interesting, OK.

RYAN: So it's an interesting long-term hypothetical. What if I had stuck with the ICAF assignment? How would my career have evolved, with USAID and post-USAID?

But as things turned out, we had home leave in September and October of 2008, then we returned to Cairo where Paulette stayed, and I went to Islamabad from Cairo.

Q: OK.

RYAN: So now finally I'm back in Islamabad: October 21, 2008. In CPC assignments where you get 12-month tours with an R&R (rest and recuperation) in the middle of the tour. I guess in Baghdad you get two in a 12-month tour, but Islamabad it was one. With USAID, you also get an extension of your time in class.

Q: Oh, that's helpful.

RYAN: Yes, an extension by a year for each 12 months you're in a CPC. That ended up being useful for me. My TIC, after the promotion to FE-OC (counselor rank) went into 2013 when I would be 63, and so I ended up using an extra 14 months beyond that to work up to age 65, which I got by my time spent in Pakistan.

Extending and Paulette Coming to Post

The interesting thing is that at the end of my first 12 months, USAID was still dying for people to volunteer. So I kept on extending. Quite a few people did. I ended up doing 36 months.

Q: Yes. It's interesting, some of the other USAID officers I've interviewed have ended up staying in some of these critical posts. Because as difficult as they were, they still wanted to see through the programs that they began.

RYAN: Right. And also, Islamabad is not that difficult. I knew that because I knew the place. Pakistan's a big country and there are differences between its different parts. Islamabad was okay, or better than okay.

Q: OK, that is saying quite a bit, given the difficulties in that region.

RYAN: Yes. Well, I'll talk about that in a bit, but I guess the point is because I extended, Paulette finished her safe-havening after 12 months.

And the question came up, "Can safe-havening itself be extended?" And the answer to that was "No." So she was either headed back to the United States, or she could come to Islamabad -- but not as a dependent. There were no dependents allowed at post, but she could come if she got a job.

Q: Oh, interesting.

RYAN: An EFM (eligible family member) job. But the policy about that was very accommodating. They were still trying to get people to come to Islamabad and so they had EFM jobs on offer.

So Paulette did come and resumed work as a State Department employee after those many years since she left FSI (the Foreign Service Institute). She became the APO/Mail Room Supervisor.

Q: Interesting.

RYAN: That comprehends both the APO and the diplomatic pouch. It was the period when the State Department was implementing the new "Diplomatic Post Office," where it was doing its version of the Armed Forces Post Office -- declaring its independence but continuing the same kind of service.

Q: Right.

RYAN: So Paulette went through the APO-to-DPO transition, which was interesting. People really liked her, she had great relations with the Pakistani staff there, and she found them very competent and professional.

Curiously, toward the end of my 36 months and her 24 months, she was bounced out of that job because it was given to an incoming spouse, and she was given another job supervising the maintenance crews. From the security angle, they needed to be accompanied by a cleared American even for custodial work.

Q: Oh, right, sure.

RYAN: Including cleaning before office hours. Paulette is not an early riser, but somehow she managed and got up at 5:00 and went off to do her job every day. She liked the custodial staff too. They were very hard-working and proud to have jobs with the U.S. Embassy.

And for us, the other thing to mention, is that Paulette was getting a salary, she was getting danger pay, and she was making TSP (thrift savings plan) contributions, which didn't even exist back in the days when she was at FSI.

Q: Right.

RYAN: She was making Social Security contributions and she was adding time to her State Department benefits calculation. So she ended up retiring at the same time I finally did when I hit the retirement age later on in Lima. We were retiring together, both of us. By then she wasn't working anymore, but she put in for her State Department and Social Security retirement benefits and by golly, she had earned them.

Q: Yeah, interesting.

RYAN: So there we were, by October 2009, the two of us were together in Islamabad, and we stayed another 24 months, including postponing home leave once to accommodate work requirements, until November 2011 when we went to Lima, Peru.

My Perspective on Pakistan After a Long Absence

Looking back at the comments I made relative to the posting that ran from 1989 to 1992, I can reflect on the two eras. I had changed enough that my thoughts on the 2008 assignment includes a lot more perspective on Pakistan itself than I was able to form in the first assignment.

Q: Right, right.

RYAN: Regarding the Pakistan I was going to in 2008, the context was a lot clearer to me, and I think it affected the work I did. So, with your indulgence I'll say something about that.

Q: Oh, absolutely. Comparisons are one of the great things that oral history subjects can do.

RYAN: Right. Some of the observations have to do with USAID's program and my role in it, and some on the context.

Pakistan's Society and Regions: Nation Building

To start with, the thing about Pakistan is that its nation-building exercise never really got accomplished. I'm referring to weak governance -- the basics of law and order and pulling a country together.

The country has, in my view, an exceptionally great distance between the leaders and the people. You had the UP wallahs, the people from Uttar Pradesh in northern India like Mohammed Ali Jinnah who came to rule the country but who were not from Pakistan originally. They spoke Urdu, which nobody in Pakistan's territory spoke.

Then you've got the feudals, and then you've got the military caste, since the "martial races" of India came from the area that became West Pakistan.

Q: Kshatriya?

RYAN: That's a good observation, but I was not so much referring to Hindu caste as to Punjab and the Pashtuns on the west side of India that became Pakistan. The territory that was military center of British India became part of Pakistan. It wasn't essentially Hindu.

Q: Oh, I see. OK.

RYAN: So again, you've got a lot of elites who are distant from the common people. And in fact, I think the Pakistani elite is quite a bit more sophisticated than in some of my other posts. But then, the absolute poverty in Pakistan's backward areas goes beyond what you are going to see in practically any country.

There is also a lot of violence in society. The super-low status of women is well documented.

And hostility between the regions is a problem. The population includes Bengalis, Punjabis, Pashtuns, Baloch, the people who came to be called Biharis, Sindhis, and so forth. The nation-building challenge had to knit together pretty diverse and who were not very friendly to one another.

Q: Right.

RYAN: Present day Pakistan is more than 50% Punjabi. Punjab as a province is relatively well run and is the core where the military comes from. But then, you've got Sindh, where Karachi is, which has grown hugely. It got the people from UP (Uttar Pradesh, India) like Mohammed Ali Jinnah. (Islamabad didn't exist at that point.) And then the people who were non-Bengali Muslims who left East Pakistan, the so-called Biharis, they all came to Karachi and created their colonies there. And more recently, the Pashtuns from North-West Frontier Province have been colonizing Karachi.

Q: Yes.

RYAN: Stimulated by all the commerce that has gone on between the port in Karachi and Afghanistan -- all the military stuff. Many of Pakistan's truck drivers are Pashtuns, you know.

And so, you've got this really volatile mix in Karachi. A lot of people who are hostile to one another and don't particularly like the Punjabis.

Q: Yeah.

RYAN: The Pashtuns are from what used to be called the North-West Frontier Province. The names are indicative. The names for the other provinces are names that culturally belong to those areas. But North-West Frontier was so in-between that it wasn't even given an indigenous name.

While I was at post the second time, it became called Khyber Pakhtunkhwa. It's a little tricky. Khyber is geographical, Pakhtun is ethnic, and there's that Persian suffix with the letter transcribed as 'w' that isn't pronounced. Make it 'KP' for simplicity.

Q: Yes.

RYAN: So for KP, the problem is that it's basically half of the Pashtun nation, with the other half being in Afghanistan on the other side of the Durand Line. So, the area was inherently conflictual. And there is also a slice of Pakistan between KP and Afghanistan called FATA, the Federally Administered Tribal Areas.

Q: Oh yes, the famous FATA.

RYAN: FATA was so little organized politically that it couldn't even be part of NWFP, but had to be administered by the national government, and the army.

Q: Right, right.

RYAN: And then you have Balochistan, not to forget. Which is an immense area but very rural and very tribal, and only became a part of Pakistan by conquest. They were not that keen on this Pakistan thing.

Q: Wow.

RYAN: Now, having said all of that, I haven't even gotten to East Bengal yet. When Pakistan was created, over half that population was in Bengal. And so they struggled for over a decade with the question of how to be a democracy in competition with India, when you're being run by UP wallahs in Karachi, and by an army that's Punjabi, when you're more than half Bengali, culturally quite different and living far off in the east.

Q: Right, right.

RYAN: Well, they never solved that problem. So basically, you've got this really dysfunctional marriage between different parts of the country and between those parts and the national government.

Economic Governance Challenges

One of the ways that this plays out, which is relevant to me as a USAID economist, is in the division of fiscal powers between the national government and the provinces. Pakistan is quite unusual in the low share of revenues generated by the provinces, and by the unusual high share of expenditures in the provinces.

Q: Oh, OK.

RYAN: So, the national budget is constitutionally constrained by this structure to be in deficit.

While I was at post the second time, Pakistan approved the 18th amendment to the constitution and the award of the seventh National Finance Commission, which meets once every five years. This exacerbated the fiscal imbalance, with major effects on basic services -- electricity, school systems, health services -- which all have crises in Pakistan that really stand out, even among other developing countries.

Which is why Pakistan is practically the last country in the world that has polio. When I was there, the public-school system only covered two thirds of the country. The blackouts of the electrical system are legendary.

The other thing is that the national government of Pakistan takes up an inordinate share of the banking system's credit, because of that structural deficit that they are always in, so that Pakistan's banking system has an unusually low rate of lending to the private sector.

Q: Oh, that's interesting.

RYAN: Yes, and that hasn't changed. Part of it has to do with the state-heavy development model, which hasn't evolved very much, but part of it has to do with the kind of fiscal corner that Pakistan's structure puts it into.

Q: But even microlending has not taken off as much as in Bangladesh, for example?

RYAN: That's correct.

Q: Interesting.

RYAN: Even if microlending had done much better, however, it's typically not a big share of private sector bank lending.

Q: Fair enough.

RYAN: We're talking about bank lending to private industry. In Pakistan, it's unusually low as a share of bank lending, as well as a share of GDP (Gross Domestic Product).

Q: Interesting. Even with all the guarantees that multilateral development banks can offer, and bilateral donors can offer, and all of that, it's still very low?

RYAN: Yes. The thing about it that I need to mention here, is that Pakistan is a big country -- two hundred plus million people. And international lending and finance is not a dominant force in a country that size -- except when it's cut off!

It certainly can be important, but the circular flow within the economy itself is going to be dominant once you get up to a size category like that.

Q: This leads me to ask, this is now your second tour in Pakistan after many years. What portion of the economy were remittances responsible for?

RYAN: I think that had been growing substantially, but sorry, I don't remember figures. Anyway, I don't think it changed the fundamentals.

One more point about fiscal imbalances and the constitutional deficit at the national level that is relevant for all of us, is that it contributes to a chronic excess of what economists call "absorption." Or in other words, balance of payment deficits. More buying of things than you have revenue for. Pakistan actually is the IMF's poster child for continuous balance of payments crises.

So, like I say, the fiscal imbalances that come from the nation-building deficit put Pakistan behind an eight ball in various ways.

One Pakistani colleague who was trying to help his country break out of some of these economic boxes was the head of Planning Commission, Nadeem Ul Haque. Nadeem and I had been colleagues in Cairo where he was the IMF's Resident Representative, and it was great to be able to work with him again in Pakistan.

Q: Right, right.

Conflicts on the Borders

RYAN: Plus, bad relations with the neighbors. India, I don't need to elaborate on that. Afghanistan, as a source of conflict, and not just because of the Taliban. Also, because of the Pashtuns themselves. As I understand it, the name Afghanistan doesn't refer to an indigenous culture, it's a term out of Persian that basically refers to a borderland.

Q: Yes.

RYAN: Afghanistan has the same kind of problem that Pakistan has, nation building from a group of diverse and not necessarily friendly tribes or sub-nations. And that group includes parts of Pakistan -- NWFP (or KP, now), FATA, and increasingly Balochistan as well.

So on one side there's India, on another Afghanistan, and on a third (leaving China aside) the Gulf. Abu Dhabi is closer to Karachi than Islamabad is. Dubai is closer to Karachi than Islamabad is. And it's a heck of a lot easier to get to Gulf states from Karachi by boat than it is to go by land from Karachi to Islamabad.

Q: Interesting.

RYAN: Yes. Karachi is almost part of the Gulf, without the oil, and Bhutto drew on that connection in the 1970s.

Political Leadership

Now that I've brought up Zulfikar Ali Bhutto, the last thing I'd mention about nation building problems in Pakistan is that I think that they have really been unlucky in their leadership.

Q: Oh, I see.

RYAN: Their start was obviously a structurally difficult task. And after Muhammad Ali Jinnah died, it wasn't clear who was going to come next. There really wasn't anything set up. And so they have gone in and out of military rule, like a lot of places have, but in

Pakistan's case basically because of not having a clear democratic structure that had wide support. And they were especially unfortunate in Bhutto.

He was basically personally behind the 1965 war with India, which was disastrous.

Q: Yes.

RYAN: And instead of hanging him right away, he continued in office, with the result that he was personally behind the political blow up with East Bengal -- the revolt, sending the army there, and the creation of Bangladesh. He was the principal political leader in West Pakistan at the time and he was the one who pushed the issue to the breaking point.

Then when he became dictator of the reduced country in the 1970s, his Pakistan People's Party carried out a thorough politicization of the country's institutions, including the civil service, and also the universities, by the way.

He was the one who, when things were falling apart for him in the 1970s -- including U.S. assistance, by the way, which was shrinking -- he's the one who turned to the Saudis for financing.

Q: Oh, wow.

RYAN: The quid pro quo was establishment of Wahhabi schools, and implicitly the introduction of violent extremism.

We and the Pakistanis are still living with what that injected into the country. It was a totally foreign thing. Bhutto was a hard drinker himself, but then he started supporting Islamism. It was pretty crazy.

Q: Yes.

Domestic Terrorism

RYAN: The Pakistan I was coming to in 2008 was in a new phase. We took home leave in September and October and were in Los Angeles visiting my mother on September 20, 2008, when the Marriott was bombed in Islamabad. A truck with a major bomb -- 1,000 kilos of explosives -- destroyed the hotel.

That was about 500 yards from the residence that I was assigned to -- you can see the hotel from the house. My predecessor in that residence narrowly avoided being chopped up by flying glass, since the Mylar wasn't up yet. The interior doors of the house that happened to be closed at that moment were blown off their hinges.

Q: Good Lord!

RYAN: Glass was still coming out of the carpets when I vacuumed a month later.

That hotel had been, during our previous posting, part of the Holiday Inn network and we were there all the time. It was commonly used by the international community. On my mom's visit around 1990, we had seen Muhammad Ali, the boxer, there.

Q: OK.

RYAN: The bombing in September 2008 was the third one targeting foreigners in Islamabad that year. Actually, there might have been a political meeting occurring at the Marriott that was the real target. Or the target may have been a Pakistani political meeting at a different location, but they weren't able to get the truck close enough to that so the Marriott may have been a fallback.

Earlier in the year, in March, an Italian restaurant in Islamabad, the Luna Caprese, was bombed with foreign fatalities. And then in June the Danish Embassy suffered a car bombing from across the street. There were some foreign fatalities in that also.

After the Marriott, the government took steps that largely closed the city off from the outside. From that point on, including my whole time in Islamabad, it was relatively safe. Actually, the attacks didn't stop, but they almost exclusively targeted Pakistan's own military and police. Somehow the foreigners got a pass after 2008's bombings.

Of course, the U.S. Embassy took a lot of precautions. For example, to go to a restaurant you needed to get pre-clearance from the Regional Security Office, the RSO, to make sure that not too many people were going to the same restaurant on the same evening. Similarly for any other gathering. And you didn't sit on the street side, near glass.

Q: I see. OK.

RYAN: But otherwise Islamabad stayed pretty open for us. You could circulate around without really getting clearance. We could drive our own cars, which obviously were not armored. We were instructed not to walk around town, but we could drive around, even to the outskirts. We could go to Murree up in the hills above Islamabad. We could go to the Daman-e-Koh restaurant in the Margalla Hills on Islamabad's northern flank.

Different Regions' Danger Levels

So this goes back to what I was trying to say about the danger level of Pakistan being quite different in different places.

Amongst the various capitals you've got Islamabad that was pretty open and safe. We didn't have anybody hurt the whole time I was there in Islamabad. Occasionally, however, the Pakistani press would identify a house in Islamabad as hosting U.S. nationals, which would force the occupants to evacuate it for safety's sake -- sometimes overnight.

Lahore, the capital of Punjab, gradually became more closed, especially at the end of my time there in August 2011 when Warren Weinstein was kidnapped. He was not a member of the embassy but he had worked on USAID contracts since forever. Everybody knew Warren -- I knew him from Africa. He was kidnapped virtually the day he was leaving country. Things really closed down in Lahore afterwards. As you know, Warren eventually died in a drone attack. It was terrible.

Q: Yeah.

RYAN: So that was Lahore. Then Karachi -- with all the internal conflict in that city, that was pretty closed for us. When I visited for a major business conference being held in a luxury hotel, the only way I could attend was for the Consul General to stay in his residence that day so that his security detail could accompany me. So, there was basically only one official delegation circulating around the city in a given day. So that's Karachi.

Then there's Peshawar.

Q: OK, yeah.

RYAN: The State Department I think officially tagged it as the most dangerous Foreign Service post in the world.

Q: Right, yes, I remember.

RYAN: In Kabul, or in Baghdad, at least you're living in a military base so you've got all these bulwarks around you. But in Peshawar as of the time I arrived, it was just a warm handshake and good luck.

Q: Right.

RYAN: And if you think we've touched bottom, you're forgetting about Quetta. In Peshawar, we had staff living there, we had a consulate. Quetta, forget about it. Nobody goes to Quetta. No programs, no consulate, no nothing (that they tell me about). On the other hand, the Haqqanis seem to like it.

FACT Training

Which reminds me -- on our 2008 home leave between Egypt and Pakistan, Paulette and I got FACT training: the Foreign Affairs Counter Terrorism course.

Q: Oh, yes.

RYAN: A generation earlier, we had heard about the "crash and bang course," or whatever they called it. But I came in too late for it, and we only got to see videos of people running their cars into other cars and so forth.

But by 2008, the course had been revived. Part of it was in the DC area, and part at a racetrack out in the direction of West Virginia.

There were quite a range of things covered -- hostage situations, practical medical information, explosive devices (which we had already been shown in a number of posts), firearms (we both got to shoot AK-47s and pistols). No one was going to issue us firearms at post, but the idea was that we might have to fill in.

Q: Wow.

RYAN: If the person who is issued the weapon isn't in a position to use it anymore, you might have to pick it up.

Q: Right.

RYAN: The fun part was the vehicle stuff. Have you been to the FACT training, by the way?

Q: I have not. No, I never ended up being quite that expeditionary.

RYAN: So we finally got to do the "crash and bang" thing. Everybody had seen the videos where you're taught how to drive your way through vehicle barricades.

Q: Right.

RYAN: Which part of the car is the blocking weight and which part the target. And literally we got to run cars through these junkers, both going forward and in reverse.

Q: Wow.

RYAN: Yeah, it would spin the cars around. And you know, I'm surprised someone didn't get hurt. When you stop and put it in low, or in reverse, and then gun it and ram the blocking car, you could get a little bit shaken up. But they had everybody do it.

And then skid control that race car drivers do all the time, but the rest of us try to avoid. Drifting, when you don't have traction and you have to reverse your steering to keep your front wheels in front of your back wheels.

Q: Right.

RYAN: Panic stops -- that was the hardest part for me. You're driving with the instructor in the seat next to you, and as you approach a set of cones with a passage on the left side of the cones and another passage on the right, and then behind the cones there's a parking spot. And so the idea is that you need to make a panic stop because of something that jumps out in front of you. And you need to maneuver around the cones to bring the car to a safe stop in a clear location.

Q: Right.

RYAN: But the point is the speed of it. You are driving at these things, which admittedly are only cones, at a speed that your normal human experience tells you is too fast. Much too fast.

Q: Right, right.

RYAN: Meanwhile the race-driver instructor sitting next to you is saying, “Faster, faster, faster.” Sometimes he’d stick his foot over and push on the accelerator himself.

Q: Wow.

RYAN: He has his hand on the dashboard and, at the last possible second, he gestures either left or right. And that’s when you steer around the cones on the side he points to, start panic breaking, and try to bring the car into the stopping location. It was very nerve racking.

Q: Yeah, I believe it.

RYAN: We also practiced ambush countermeasures, including high-speed driving in reverse around cones, using only the rear-view mirrors if you can.

Q: Wow.

RYAN: The idea being that if you take the time to turn around, you will die.

Q: Right.

RYAN: To establish the right atmosphere, the instructors set off fireworks along the road, and the instructor in the seat next to you drummed with his fingers on the car’s roof to simulate the sound of rounds hitting the body work.

Another ambush countermeasure you learn is driving from the passenger’s seat.

Q: Oh, wow.

RYAN: Since every terrorist knows to kill the driver first. So, the instructor’s in the driver’s seat, and then you drive while the instructor is not driving.

Q: Right.

RYAN: Anyway, that was FACT training.

Living in Islamabad

When I arrived in Islamabad after dropping Paulette off back in Cairo after home leave and FACT training in 2008, I was moved into a typical Islamabad house. Remember, Islamabad is an artificial city created in the 60s, specifically for the higher-level national civil service, for high military officers, and for diplomats. So, the housing stock is all big houses.

I was assigned to a house that was actually a duplex. There was a full-sized, large three-bedroom apartment on the ground level, and my two-story house above it, with five bedrooms, each with a full bathroom. There were large central passageways on both floors, a big upstairs TV room with a wet bar and a patio, and servants' quarters.

So anyway, the good thing was that I had the space to host visitors on TDY (temporary duty). Later on, the embassy built a medium-security prison for TDYers on "campus" -- on the chancery grounds, in other words. (Well, not literally a "prison," of course. It just looked like one.) But that wasn't there when I arrived, so we all hosted TDYers in our extra bedrooms.

Q: Right.

RYAN: I inherited a cook that I shared with the USAID Mission Director, so it was a great hotel for TDYers to come to.

I bought a Japanese-market, right-hand drive Toyota RAV-4, a '95 model, for practically no money. Japan has a law that forces cars off the road when they're still relatively young. So, in the right-hand-drive markets in East Asia, there are a lot of bargains on Japanese-market cars.

Q: Oh, interesting.

RYAN: The cool thing about this one was that it was a stick shift. When we lived in Pakistan before, I had an automatic. But the stick shift is on the opposite side of the person. It's still in the center of the car, but you're on the other side of it.

Q: Right.

RYAN: The pedals are in the "right" places -- the gas is on the right and the clutch is on the left and the brake is in between. But the first several times I drove the car, when it came time to shift gears, I'd be taking my right hand off the steering wheel and start groping around for the missing gear-shift lever.

Q: Right. I drove for a year and a half in Jamaica and learned the same thing.

RYAN: I loved that car. It was kind of a rattle trap, but it was a fun little car. And cheap.

By the way, the reason why it was on the market was that a lot of the other embassies made Islamabad a non-dependent post after the Marriott bombing, and so a lot of families were leaving town and a lot of cars came on the market. Their pain was our gain.

I should also mention that I did a much better job of taking care of my hay fever, compared to how difficult a time I had with it in my first posting. I went straight to the embassy's excellent Medical Unit and got outfitted with a battery of antihistamines and muscle relaxers. I didn't avoid problems altogether, but we managed it much better.

USAID's Office Space

Unlike my previous Pakistan posting, by this time the USAID mission had been moved into the chancery complex.

Q: Right.

RYAN: USAID was in an outbuilding that I don't know exactly what it had been used for before. But we were really scrunched in there, in cubicles that kept getting smaller as more staff arrived. There were hallway offices, literally offices were carved out of hallways. I think I had six different desks in the 36 months I was there.

Q: Holy cow!

RYAN: But this was a bit unusual, because I was in an unusual position, a sort-of utility role. I wasn't ever in one of the line positions, but rather picked up special assignments.

One of my offices was what I supposed had been a teller's station, because it was a fortified booth with a bay window of fortified double-strength glass, with the little gap where you could slide in documents. So we made an office out of that. In fact, I think that was an office for two people. We were scrambling.

And also, they really didn't have enough bathrooms.

Q: Holy cow!

RYAN: If OSHA (Occupational Safety and Health Association) had ever come by, we would have been in big trouble. It was especially tight for the female side of the staff.

Unlike back in 1990, the Afghanistan program was by 2008 in Kabul, not in Islamabad as they had been 20 years earlier.

Also, the FATA (Federally Administered Tribal Areas) program was operated mainly out of the consulate in Peshawar, to the extent possible. That extent changed over the time I was there, as Peshawar became increasingly difficult.

USAID's Office in Peshawar

I arrived at the cusp. It had been a couple of months earlier, in August 2008, that the vehicle of the Consul General at the time, Lynne Tracy, was attacked as she was leaving her residence one morning. The driver was able to get it back into the residence without anybody being hurt.

In the first week of November, about a week into my tour, I made a trip with a visitor from Washington to the Peshawar consulate. The first thing I noticed on the way there was the magnificent highway between Islamabad and Peshawar -- it continued on to Lahore in the other direction. It definitely had not existed 20 years earlier. Even more shocking, the Pashtun truck drivers were staying in the slow lane and were obeying the speed limit.

Q: Wow. That is surprising.

RYAN: And I told myself, "If this regime can get those Pashtun truck drivers to obey the lane and speed limits, there may be hope for Pakistan."

Q: Right.

RYAN: Anyway, while I was in Peshawar, a guy who was one of the contractors working with an NGO (non-governmental organization) introduced himself. I hadn't recognized him, even though he had worked (as a PSC) in USAID/Zaire and we both had been in Kinshasa together. He was wearing a shalwar kameez and had changed a bit.

His name was Stephen Vance. A week later, he and his driver were assassinated on his way to work.

Q: Good Lord.

RYAN: When I looked this up in The New York Times to check the dates, I saw that the article said, "The killing of such an experienced AID worker stunned American and Pakistani officials in Peshawar, but did not surprise them."

Q: Wow.

RYAN: Yes. A lot of the staff lived in a part of Peshawar called University Town. A natural place to live. In fact, we visited with some NGO's office there. And then people would drive to work every morning. There was gunfire going on all the time and it was just a nightmare. It took weeks, I think months, before we finally pulled these staff out of Peshawar. They were totally sitting ducks. Mostly young people. It was so dangerous from a policy point.

Q: Yes. I think that these cities and areas outside of Islamabad that are so well known for danger and for uncertainty, themselves cast a shadow over serving in Islamabad that might be exaggerated for Islamabad itself, but is true for the rest of the country.

RYAN: Yes, I think that's exactly right. And actually, a few months later in June, 2009, the main hotel in Peshawar, the Pearl Continental, was bombed. A bunch of people died in that.

Q: Yes.

RYAN: Yet the Peshawar consulate stayed open. It was well fortified and USAID had a couple people who continued working there, including the guy that we inherited the house from in Islamabad. He resided in the consulate.

You'd have to say that it was made reasonably secure. There was a serious assault on the consulate in April 2010 -- a multi-vehicle assault team. They never got past the first drop-bar.

Q: Right.

Bilateral Security Incidents

RYAN: Anyway, bilaterally between the U.S. and Pakistan, the big deal was actually that Pakistan provided the logistical conduit for military material going to Afghanistan. And so, the biggest chunk of U.S. financial assistance to Pakistan was technically compensation for the expenses that Pakistan's government and military incurred to provide that transportation and keep our lines to Afghanistan open. Just as Zaire was interesting because of Angola, Pakistan was interesting because of Afghanistan.

We had a couple incidents that were related to that. I don't know if you remember the Raymond Davis incident in Lahore in January 2011. He was a CIA (Central Intelligence Agency) contractor who shot a couple people on a motorcycle next to his car. He may or may not have known them, but apparently he considered them threatening. I don't know if you remember that.

Q: No, I don't. I was in Latin America at the time.

RYAN: OK. It was a big deal locally. Among other things, another U.S. embassy car that was in the vicinity actually killed somebody just getting to Raymond's location.

Anyway, he couldn't escape because he was stuck in traffic. But the U.S. Embassy got him released on the basis of diplomatic immunity. That was a big deal in terms of public perceptions and bilateral relations.

And then in May, Osama bin Laden was killed in Abbottabad, which is a hill station not far from Islamabad. So that also had its own impact on bilateral perspectives.

Q: Sure.

Gearing Up for the Kerry-Lugar Aid Initiative

RYAN: Military assistance was of course the big number, due to Afghanistan and Al-Qaeda. But on USAID's side, it also became a very big deal from a developmental point of view. Because if the Congress figured, "Look, we've been trying so hard for so long in Pakistan. Obviously, the country has made much too little progress and we really should be doing something to fix it. We've got to do it right this time."

So, in 2008, as I was getting ready to make my transfer, Senators Biden and Lugar, the two senior people in the Senate Foreign Relations Committee, were putting together a major development-assistance initiative for Pakistan in the hope that it would be big enough to be transformative.

Q: Right.

RYAN: It didn't actually pass that year. Biden became Vice President and John Kerry inherited Biden's seat in the committee, so Kerry, Lugar, and then Howard Berman on the House side were the lead sponsors for the program that was reintroduced in 2009. When passed in 2010, it authorized \$1.5 billion annually for development assistance, on top of the military money.

A billion and a half dollars a year is a lot for USAID. When I arrived in October 2008, everybody knew that big budgets were coming, so there was a major effort on to start design work. The burden was notably heavy on the Economic Growth Office, which was necessarily going to have large chunks of money handed to it. And that office was staffed like the whole mission was, by a skeleton crew. In that particular case, it was one USAID Foreign Service Officer in her first Foreign Service tour.

Q: Holy Cow.

RYAN: A 35-year old, first-tour FSO, Amy (Meyer) Lovejoy. When she arrived in Islamabad, a year before I did, the office consisted of one FSN who had just been hired by USAID months earlier.

Q: Wow.

RYAN: And so gradually that office was staffing up. It had some good people, but it was still small by the standards of offices I'd been running over the years, and they were looking at programming \$500 million a year. Starting from scratch.

Q: Wow.

RYAN: Amy had been a PSC in Bosnia for a few years with USAID, so she had USAID experience. But this was her first Foreign Service assignment.

Q: It seems unusual that somebody at that level would be managing in a significant way such a large amount of assistance money.

RYAN: I'm not disagreeing with you. As of that moment she didn't have all that money, but it was coming, and she was a very talented and energetic person.

If you remember, I had been brought to Islamabad, not for a particular position, but because the Mission Director knew she needed people, knew me, and knew that she would be able to use me. As the mission was structuring itself, it was creating Associate Mission Director positions (like Cairo used to have). A person who was assigned to one of those positions was still a few months away from arriving, so I filled in for about six months supervising the chiefs of the offices for Economic Growth (Amy) and Education (Aler Grubbs). The Education Office was also going to get a mountain of money, for the school system and scholarship programs.

USAID-State Relations

At this point, I guess I should get into the relations between USAID and the State Department in Islamabad.

Q: Uh-huh.

RYAN: State assigned a second ambassador to Islamabad, an ambassador for civilian assistance.

Q: Right.

RYAN: So that in addition to the Chief of Mission, who was Anne Patterson when I arrived, and the DCM, Gerald Feierstein, a great guy who has gone on to better things, we had a second ambassador, Robin Raphel, who was there to supervise the USAID Mission Director.

Her former husband, Arnie Raphel, had been one of my wife's French students, and they had kept in touch after he left FSI. When we were assigned to Pakistan the first time, he was the ambassador there, so my wife was looking forward to seeing him again, and to me meeting him. But in August 1988, before our arrival, he went down with Zia-ul-Haq in that plane.

Q: Right.

RYAN: I think Robin was his second wife: they had divorced and he had another wife by the time he died. But anyway, Robin kept the name Raphel and came back to Islamabad as ambassador to oversee USAID.

I interacted with her and her staff quite a lot. One of her staff became a friend and is still in contact with Paulette and me.

They were in the chancery building, not in the same office space with USAID. Of course, all of those buildings have been replaced now.

Q: Wow.

RYAN: Our embassy as of 2008 was the one that had been rebuilt, brick by brick, as the exact replica of the embassy that was burned down in 1979.

Q: Wow, that's interesting. I mean, you would have thought they'd adopt a new blueprint for something 20 years later, given security and all of that.

RYAN: That's exactly what the U.S. Government proposed when it was being rebuilt. But the Pakistanis were having none of it. They were going to reproduce exactly what was there before all the damage took place.

Q: Oh, that's interesting.

RYAN: So that was what we were in while I was there for my second tour. Except that they started tearing up the softball field and the soccer fields to put in temporary buildings, including a temporary building for USAID (which wasn't ready for occupancy before I left in November 2011), and what I uncharitably refer to as a medium-security prison for TDYers.

Q: Right.

RYAN: But that was all temporary. The plan was to build a chancery complex, which apparently would have been, as first approved, the biggest, most expensive U.S. Embassy in the world.

Q: Interesting.

RYAN: The initial plan, as it was described to us in a briefing, had 500 apartments on campus, plus a TDY hotel with 100 rooms.

Q: Good Lord.

RYAN: What they actually built was somewhat scaled down from that. But even then, that's not an embassy. In American English, it's what you'd call a "base."

Q: Wow, yeah.

RYAN: But anyway, I didn't get to see any of that. While I was there, there were a lot of temporary structures going up -- albeit very solid temporary structures. But they were all going to be removed and replaced.

On the Washington end, there was "SRAP," the Special Representative for Afghanistan and Pakistan, a White House-State Department position, encumbered by one Richard Holbrooke.

Q: Oh, yes. Right, right, right, OK.

RYAN: Oh yes. Holbrooke had been a Clinton person, but then he became an Obama person. Clinton was supposed to resent this, but I don't think she did. It got Clinton off the hook for Afghanistan. She's a sane person, so it was probably fine with her.

Q: Right.

RYAN: Ambassador Holbrooke pretty much saw Pakistan in the context of Afghanistan. Think about this for a second: you're talking about building up a giant U.S. embassy in Islamabad with many hundreds of U.S. staff and even more local staff. Impressive, right!

Well, now think about this: 110,000 U.S. staff. More Americans than there are in Bloomington, Indiana. That's what they had next door in Afghanistan. And their equipment was a little more impressive than ours, too.

Q: Yeah.

RYAN: So, there's no comparison.

Q: Right.

RYAN: I don't know who invented the term, but everything was referred to as "AfPak," with Afghanistan being the goal and Pakistan trailing behind.

Q: OK.

RYAN: Honestly, I think part of the problem here is that relative to U.S. and global interests, that's exactly backwards.

Q: Yeah.

RYAN: Fixing Afghanistan is not the solution to the regional problem. So I tried to popularize the view that our policy at the time was what I would call AfPakwards.

Q: [Laughing] OK.

RYAN: This is what you get when you believe your own press releases, and we could talk about Bosnia, but let's not.

Q: Right, right.

RYAN: The other thing about Richard Holbrooke is that supposedly the press was as important to him as Afghanistan was.

Q: Interesting.

RYAN: One thing I will throw out here is that somebody ought to write a paper about how similar Richard Holbrooke's role as Special Representative for Afghanistan and Pakistan was to the role that Averell Harriman had as the Special Representative to Europe during the Marshall Plan days. Vis-à-vis Paul Hoffman who was the head of the Economic Cooperation Administration, the organization that administered the Marshall Plan.

Q: Interesting.

RYAN: It looks to me that there are quite a few parallels between Holbrooke and Harriman -- both the persons and the positions. It's interesting.

The Marshall Plan turned out better, by the way.

So Holbrooke basically had decision making power over all USAID/Pakistan programs. We could not even obligate what we call "incremental funding." In other words, when you approve a program and sign a contract, you don't put all the funding in at once, you fund it as needed -- which is called incremental funding.

Q: Right.

RYAN: We couldn't even do incremental funding without a personal sign off by Richard Holbrooke.

Q: Wow.

RYAN: And Holbrooke was consumed by Afghanistan, as well as by defending his role politically. We were told by staff that the only time he paid attention to Pakistan was while being driven to airports, trapped in a moving car where he couldn't do anything else.

Q: Yeah.

RYAN: So he would be given the decision memos and he would put his yes or no, "RH" initials on the documents in the cars, and they would be faxed to us at post.

Basically, the result was 12-month delays on everything. That's what you get when you make politics primary.

Q: Yeah.

RYAN: When we finally got USAID's dairy program approved by Holbrooke, I was passing through down a hallway in the chancery where Ambassador Raphel was photocopying something for some reason. We had a quick conversation where I mentioned that we had the program internally approved 12 months earlier. She started hollering at me, which she didn't ordinarily do, saying that it was all USAID's fault and that we should be "ashamed" and I forget what else.

My friend who was on her staff came out of his office to try to mollify her, "You know, Ryan's a good guy, it's OK, he's alright." He was afraid she would toss me out of the country.

Q: She was defending Holbrooke.

RYAN: Yes. She was saying, "No, that wasn't true, it was USAID's own incompetence that delayed it all this time. It's shameful and bumbling."

Given the challenge of managing field programs from Washington, which I've pointed out a couple times already, and even more so of managing them from a political level, State and SRAP needed to drastically simplify USAID's program to be able to conceptualize and keep track of it. You can only do so many things when you're trying to do it with basically one person and the SRAP (Special Representative for Afghanistan and Pakistan) office in Washington.

The simplification resulted in an outsized emphasis on the energy sector, building power plants and developing hydroelectric dam sites.

Part of the program that emerged was rehabilitating the power plant at Guddu, which we did at great expense and were very proud of. Somehow no-one would ever mention that USAID had in fact built that plant in the 1980s, or ask why we had to rehabilitate it 20 years later? In other words, the energy sector in Pakistan was nothing new to USAID and there were some lessons learned that didn't get communicated to SRAP.

In fact, USAID's energy office chief of the 1980s had, by 2008, become the executive overseeing the Office of Afghanistan and Pakistan Affairs, OAPA, SRAP's counterpart in USAID/Washington. Building Guddu had been his project in the 1980s. On a visit to Islamabad, he told us that when he left Pakistan at the end of the 80s, he thought in retrospect that really, USAID should have used all that energy money for education. He would have put it in education and in schools.

Q: Uh-huh.

RYAN: He could see that our inputs to the energy sector weren't fixing the energy sector, given the managerial issues on the Pakistani side.

Q: Right.

RYAN: The real problem was the people, management, and policy not the power plants.

Q: Yeah.

RYAN: Our Mission Director, particularly Andy Sisson when he had that job, worked nights on teleconferences with State in Washington and worked days in the USAID mission. A lot of other people in the embassy were doing that too, from the Chief of Mission on down, because all authority was flowing from a small number of people in Washington. Although the actual work at post was well beyond their control, nonetheless they needed to be as closely involved as possible, and that meant teleconferences during Washington working hours. So, there was a lot of very close interaction between State and USAID officers in a situation where there was a lot of tension.

Q: Just a question about how this is organized with Holbrooke overseeing everything. USAID Washington did not object to this?

RYAN: I don't think so. If you go back a couple years, remember that the Bush-Cheney administration took all budgeting and planning functions away from USAID.

Q: Right. And put it in the F Bureau (Office of U.S. Foreign Assistance Resources).

RYAN: Exactly.

Randy Tobias, who had been brought from Eli Lilly in Indianapolis to head PEPFAR (President's Emergency Plan for AIDS Relief), became head of F and USAID Administrator. He brought PEPFAR's top-down, budget allocation-driven policy mechanism to F and USAID, designing the process around literally hundreds of sub-objectives. Every program that got funds for a given sub-objective was supposed to achieve results that were comparable to programs anywhere else in the world and that therefore could be "rolled up" globally by simple addition, to measure the global output of that budget line item.

Q: Uh-huh.

RYAN: That had happened before the Clinton-Holbrooke foreign affairs team came into office in 2009. Remember that PPC bureau I was in? It was the policy bureau, and it also had all USAID's budgeting. USAID abolished it under Bush-Cheney.

Q: I see. Right, right.

RYAN: Obama and Clinton ultimately reestablished a bureau called PPL (Policy, Planning, and Learning), but F did not actually go away entirely. Is it calling the shots to the same extent it was in 2008? I doubt it. I think reality has reimposed its law to some extent. Anyway, maybe you could find out more easily than I.

But this is to say that USAID's position in the pecking order has never been a strong one, and it was pretty clearly brought to heel by the State Department in a way that Secretary Clinton did not fundamentally change when she became secretary.

Q: OK.

RYAN: Nor did I think she wanted to get into a fight with Richard Holbrooke and the White House for the purpose of putting herself on the spot for solving Afghanistan. So, I don't think USAID at the political level was independent.

Q: I see.

RYAN: At one point, we were accused of killing American soldiers by not putting our programs in the Pakistani districts where recruitment for the freedom fighters, Mujahideen, Taliban, or whatever you are calling them lately, was taking place. So, you can see that development had to yield to more urgent concerns in the USG's eyes.

Q: Alright.

Pressure on USAID/Pakistan Staff

RYAN: One thing that I haven't seen mentioned outside the halls of USAID/Pakistan is that, in the three years I was there, seven senior USAID officers were removed from post over differences with State.

Q: Wow.

RYAN: One Mission Director, a couple of Deputy Mission Directors, and several office chiefs.

Q: And this is while Holbrooke is the Special Rep?

RYAN: It might have continued after his death. And anyway, I don't think it was Holbrooke. It was just the local working relations. In at least one case, the USAID officer who was a Deputy Director, definitely sounded off in a major way and brought on the problem.

Q: Yeah.

RYAN: But some of the other people were removed without the rest of the staff even knowing how it came about. They knew that people weren't there anymore, but they didn't know why. It was done pretty discretely most of the time.

I mentioned when we were talking about my time in Zaire that I saw a USAID officer removed by the Ambassador. Also, the Mission Director in Niger, for whom I did those two TDYs on the agricultural sector program, was eventually removed by the uranium mining-executive, political-appointee ambassador. So, in my previous 25 years I knew of maybe two or three cases, which were already not shining moments of staff management.

Well, we had seven during the 36 months I was in Islamabad. Some of my colleagues said eight, but my count was seven.

Q: Yeah, yeah. OK.

RYAN: And that is one of the reasons why, when Ambassador Raphel got upset with me in the hallway that day, our colleague thought he needed to do something.

Q: Yes.

RYAN: And as I say, most of my contact with Ambassador Raphel was and continued to be fine.

Another incident that was generated by Washington initiative had to do with a new policy of the USAID Administrator who came in under the Obama and Clinton team, Rajiv Shah. A/AID Shah instituted a set of reforms that included the notion that all assistance should, ideally, be delivered by USAID directly to host-country institutions without using implementing partners.

Q: That's interesting.

RYAN: To help conceptualize this, I occasionally ask people to try this exercise. Have you got a pencil and a piece of paper in front of you?

Q: Yes, okay.

RYAN: This is an exercise to see how you conceptualize assistance. The scenario is something I saw in India before my USAID years, where American eye doctors would volunteer for eye clinics. They would come to a country like India and over the space of a few days they would do literally hundreds of cataract operations.

Q: Yes, I was present at one of those in Latin America. But go ahead.

RYAN: Right. So, here's the assistance scenario. Suppose USAID was inspired by this example and contracted with a U.S. eye doctor. And suppose that doctor came to country

and gave a seminar for a dozen of local colleagues and then performed 1,000 cataract operations. And let's say the U.S. doctor did 35 other procedures that came up.

Q: Right, right.

RYAN: So now, the question is: how many beneficiaries were there for that USAID assistance?

Q: OK. So, you've got 1,000 cataracts, 35 other procedures.

RYAN: And 12 local colleagues who attended a seminar.

Q: Oh, I'm sorry, right, a seminar for 12 colleagues. Well, in that case, it looks like 1,047.

RYAN: Well, you see, that's what I would say too.

But the right answer, according to Administrator Shah, is one (1). The one beneficiary is the U.S. doctor. Why? Because he got all the money. And P.S.: Did the money ever leave the United States? Nope: it went from the USG to an American citizen physician.

This clash in points of view has been going on for 60 years. When implementing partners are hired to deliver assistance, in kind, people at the Washington budgetary level say, "Wait a second, you didn't give the money to the people in the country. The money never left the United States. It all went to the beltway bandit."

Q: Right.

RYAN: And so, to solve that problem, you have to not hire any implementing partners and have the cash all go to either the host government or to indigenous organizations in the country.

Q: So you would have to find the eye doctors in the country who would do those surgeries?

RYAN: Precisely.

To implement this vision, at one point Washington sent USAID/Pakistan and the other missions a communication making it quite clear, as explicit as you like, that we should move all assistance to direct relationships and cut out U.S. implementing partners.

One of our senior officers in the mission looked at this thing, took Washington at its word, and sent letters to the contractors he was responsible for, telling them what the new policy was, and that their contracts were therefore up for curtailment.

When mission management learned about this, it quickly determined that the policy was just talk, so all of the letters had to be gathered up and the messages walked back, new letters sent and so on. This officer, by the way, has gone on to a string of executive positions; no flies landed on him.

But for USAID/Pakistan, it was just one more challenge to be faced when we were already confronting the massive programming and management challenges of the vastly expanded Kerry-Lugar budgets.

And here's another: At one point, Washington determined that, to build up USAID/Pakistan to the stature needed for such a big and important mission, all office chief positions should be made Senior Management Group positions. So, Washington put those positions into the SMG bidding process.

Q: OK.

RYAN: This, however, effectively curtailed all of the incumbent office chiefs, as a class. Not only were their jobs suddenly up for bid, but as all of them were in stretch assignments and not in the SMG group, they were not eligible to bid on their own jobs. So, you had seven of the most responsible technical people in the mission whose jobs were just been yanked out from underneath them. No inkling of this had been shared with Islamabad.

Q: Yeah. That's a pretty bad way of implementing a new policy. If you'll forgive my French.

RYAN: But it happened. Remember, in my first few months there, we were going to work every morning waiting to hear who else had been shot in Peshawar.

Q: Right.

RYAN: Anyway, all these things -- the challenge of massive budget increases, the urgency of the link with ongoing military combat in Afghanistan, the sense of physical danger for civilian staff, the lack of office space, the second Ambassador for Civilian Assistance, SRAP and delays in implementation, round-the-clock oversight, staff being removed, across-the-board contract curtailments -- were backdrops for the actual work.

My Work

So that's a long preamble to my 2008-2011 assignment, drawing on the perspective I had gained since 1992. I should turn to my work.

I had several different roles in USAID/Pakistan over the 36 months I was there.

I started off filling in temporarily as an Associate Mission Director supervising the office chiefs for the Economic Growth and Education. These offices were midway in building

themselves from basically nothing to handling hundreds of millions of dollars annually. So, my main task was to help them make sense out of their designs and get them approved.

Without going into detail about specific cases, there were some that needed substantial surgery. So I got to do more of the good-old design work that I used to do in the early 80s with Sub-Saharan African missions. Pre-Holbrooke, before the Kerry-Lugar budgets actually arrived, we concentrated on this inside work.

Generically, however, I was really the chief economist for the mission.

My main job was to handle the large cash transfers that were going to arrive once the Kerry-Lugar authorization was in position. There was also a large supplemental appropriation in 2009 that included a big cash transfer.

This is a typical economist role in an AID mission. And, of course, I had done it in Egypt and in Nicaragua. Missions turn to their economists because the justification for budget support usually has to do with balance-of-payments and macrofinancial problems that economists' training helps them understand. That justification was certainly relevant in 2008 and 2009 in Pakistan, which I'll get into.

Also, towards the end of my 36 months, I was made the head of a project design unit. Management had the idea that they should centralize and do quality control on design through creating a centralized unit in the mission.

And for the last four or five months of my 36-month tour, with the staffing gaps that occurred due to tours being only 12 months long, I filled in as head of the Economic Growth Office.

Urdu

I should also mention that I resumed Urdu training. I got one-on-one lessons at home. I really struggled with it, I must say. Overall my Urdu wasn't nearly what it had been 20 years earlier. After 12 months or so, I took an FSI exam by video conference from Washington. The sound over the video connection wasn't good, it was at the end of a long day, and I didn't do well.

One of the really good things that had improved in Pakistan, however, besides the super highway from Peshawar to Lahore, was publishing. Back around 1990, it seemed that you could not get a decent printed copy of any of the classics in Pakistani literature. But by the time I got back you could get wonderful editions. I've still got them sitting here on my shelf: Premchand, Manto, and others. And there were nice book stores in Islamabad.

There was also new English-language literature. I don't know if you've ever read the novel, *The Case of Exploding Mangoes*?

Q: No.

RYAN: By Mohammed Hanif. It's a scream. So, a lot of things had gotten better in Pakistan. Of course, there were cell phones and cable TV, things hadn't existed in 1992.

But I really should talk about USAID's cash transfer programs.

Q: So, this is July 14, 2017 and we are resuming with Joe Ryan with some of the macroeconomic issues during his tour in Islamabad.

RYAN: I've already laid out that probably the main part of my work in the mission for those 36 months was as chief economist in charge of the large budget-support cash transfers that the U.S. government made to Pakistan.

Q: Right.

Pakistan's 2008 Balance-of-Payments Crisis

RYAN: In fact, already when I was on home leave in September and October before moving from Cairo to Islamabad, the Pakistan's balance of payments meltdown is what Washington was worked up about. Particularly in my meetings in the State Department, it was clear that Pakistan was viewed as being just weeks away from the international banks cutting them off. That is, cutting the Pakistani banks off from the letters of credit that are needed to get imports onto boats. As I described before, this was largely viewed as resulting from fiscal imbalances. But also, just Pakistan's share in global trade.

Little has changed: the 2017 Article IV Report of the IMF says that revenue from goods exports declined in 2016 for the third year in a row -- not just modest growth, but declined. So, Pakistan's international economic relations have been really a sore point going back for a long time.

The balance of payments meltdown would be a threat, notably, to Pakistan's ability to import fuel and crude oil for its refineries, much of it coming from the Gulf, quite close by. This would exacerbate the blackouts that were already a defining characteristic of Pakistan's economy. Locally they're referred to as load shedding, because they're pre-programmed. A load on the generating system is shed, area by area, on a cycle in turn, so that you're only scheduled to have electricity for certain hours of the day.

Q: Wow.

RYAN: But that's only what they're shooting for. The power outages are longer in reality than what's scheduled. It's just ruinous for industry. You can't keep to delivery schedules, and it affects the quality of products. People get laid off.

For example, the renowned blue ceramics of Multan: Paulette admired it but remembers merchants in Islamabad bemoaning that they didn't have much in stock because load-shedding was drastically curtailing the operation of the kilns.

And it's very discouraging for the middle-class households who have electricity connections. If your fans aren't running, in that climate, you're pretty miserable.

Q: Oh yeah.

RYAN: Of course, all the U.S. embassy houses had generators, and I hate to think what the diesel bill was that the embassy paid for keeping everybody's electricity running during the load shedding. That is one of the sharpest teeth that bites when a balance of payment meltdown is occurring in Pakistan.

This had been going on just about continuously since the early 1980s. A dozen years ago the IMF published a study of countries with prolonged use of IMF resources. Pakistan was basically at the head of the list. That poses governance issues for the IMF, given the way it was set up and how it's supposed to work.

But just speaking of Pakistan, that's been their situation for pushing thirty years now. And apparently, according to the latest Article IV reports, the same old problems are reemerging. Which is to say a low tax effort and high leakages of fiscal revenues to subsidies for the rich, like gasoline and irrigation water.

The International Response

As I was arriving, the international community, including the IMF and the World Bank, were putting their heads together about another bailout for Pakistan. Everyone got together in Tokyo for a pledging session. The idea was that donors, which is to say the USG, Japan, the IDA (International Development Association), and others would provide budget support to ensure that priority public expenditures would be maintained, while the Government of Pakistan -- the GOP -- was going to plug expenditure leaks and collect taxes more effectively. And particularly plug the leaks in the fuel and electrical energy sectors.

Q: Uh-huh.

Q: The way the IMF funding works, by the way, is that you don't spend it. You draw convertible currencies and you put them in the bank as reserves. That's supposed to assure the commercial banking system that the country's banks will be liquid in terms of foreign exchange -- FX, or at least that they can be made liquid by the central bank. And so, the international banks resume opening those letters of credit for the local banks and for the local importers.

Q: Ah, okay.

RYAN: And then hopefully the circular flow starts up again and keeps the financing going. At the same time, your domestic policy makes sure that you accumulate your own FX reserves again. That involves fiscal, banking, and trade policy. As you do, you can give back the IMF resources, which hopefully are still there in reserve.

The point is that the IMF holds the key to the global capital market. If you convince the Fund that you're going to take measures that will rebuild your own reserves, they hand you the key. But you don't spend Fund resources, they're not project financing and the Fund is not a donor. It's a just sort of a risk assurance agency for the global banks, as well as being a macroeconomic adviser. Of course, the IMF couldn't work without adequate resources to shore up members' FX reserves.

Q: OK.

RYAN: The United States was one donor with a program that included both IMF resources and donor resources, the former to get credit flowing again and the latter for GOP budget support.

The U.S. Cash Transfer

The USG funded its part mainly by an emergency supplemental appropriation of \$706 million, which was divided up for several different USG agencies. In USAID, we had project elements in addition to the budget-support cash transfers.

Q: Uh huh.

RYAN: Our cash transfer, which was obligated and fully disbursed by September 30, 2009, was \$174 million. There was \$85 million for what in the good old days we would have called welfare: cash payments to low income families. Confusingly, those are also called "cash transfers," so I sometimes refer to "family cash transfers" to be clear. The USG's cash transfer was budget support to the GOP, and the GOP's "family cash transfer" would be small monthly payments to very poor families.

The GOP had just created a new program to do this. In fact, all the countries in the world have been doing this over the last 15 or 20 years. Mexico appears to get credit for starting the process.

What was done wrong in the good old days, was to try to subsidize low-income families with credit. This didn't work, because the circular flow of credit and repayment broke down and so the credit institutions collapsed.

Eventually, people finally came to the realization that you had to treat credit as financially sound credit. That's the point I made about introducing new models of microfinance in Nicaragua in the mid-90s there.

Q: Uh-huh.

RYAN: And at the same time, the “social safety net” (as it was baptized during the Reagan years, but you know everyone picked the term up now) has to be on a non-reimbursable grant basis, or a cash transfer. So, the GOP in 2008 created the Benazir Income Support Programme, or BISP. BISP was to get \$85 million of the \$174 from the USG’s 2009 emergency supplemental appropriation, transferred as a budget-support cash transfer to the GOP.

Q: Yeah.

RYAN: There was also \$44 million for Internally Displaced Persons (IDPs), principally people who had had to flee their homes during the GOP’s military operations against the crazies in the northwest.

Q: This is in the territories, right?

RYAN: In both the NWFP (North-West Frontier Province, now KP) and FATA (Federally Administered Tribal Areas).

Q: OK.

RYAN: There was \$45 million for universities, mainly concentrating on the northwest part of the country.

Each of these budget-support agreements had a considerable number of programming issues that deserve some comment. They were not controversial in a bad way. But getting as much good out of the funding as possible involved agreeing with the organizations that that they would make certain efforts. Which they wanted to do, but life is hard too, so an external agreement helps maintain focus.

Q: Uh-huh.

The 2010 cash transfer basically expanded the funding that the 2009 cash transfer had made available. The Benazir program got an additional \$74 million, higher education got another dose of \$45 million, and we directed \$65 million to housing reconstruction in the northwest, where houses had been knocked down by that artillery that the Pakistani military used to chase out militants.

Q: OK.

Timing of the 2010 Cash Transfer

RYAN: I did want to say something about the obligation of the 2010 cash transfer, because that had an operational glitch that is worth noting and might not be easily documented elsewhere.

Q: OK.

RYAN: Washington approved the 2010 cash transfer concept in April 2010. But the IMF financial program that the government was trying to live up to, in terms of building up its FX reserves, required the USG to disburse by June 30th. They needed funds in place to hit targets under the program they had with the IMF, an Extended Fund Facility, by June 30th 2010. This was really quite a short window for the detailed programming that was needed for some of the elements of the cash transfer -- in particular, the specific uses of the higher education funds, and the structuring and targeting of the money for IDP housing.

So I came up with a solution that was pretty novel for most people in USAID, who have never in their careers dealt with a cash transfer or a budget support program.

Q: Uh-huh.

RYAN: When you're giving money instead of supporting a project where you can control the uses of the funds, it makes people nervous. It makes Congress nervous, it makes the auditors nervous, it makes the Inspector General (IG) nervous, and it makes management nervous. So, there's a lot of hand holding that goes on, even if you're doing something that objectively is not that outrageous.

Q: Uh-huh.

RYAN: The solution that I talked people into was this: that we would disburse the U.S. dollars to meet Pakistan's financial needs in terms of the balance-of-payments issue, while putting the equivalent Pakistani rupees into a Government of Pakistan-owned fund in the central bank, which would only be released for the Government of Pakistan's actual use subsequently, in tranches as approved by USAID, based on various triggers. The triggers were basically the programming decisions that we didn't have time to make and get approved with the implementing organizations like the Higher Education Commission, and the colleges, and the people who were targeting assistance for the IDPs, the internally displaced people, and so forth, before the dollars were needed.

Q: Uh-huh.

RYAN: My solution kicked those programming decisions down the road, while putting the dollars in the bank so that the overall balance of payments program could stay on track. People finally bought into the idea, for lack of an alternative.

Q: Right.

RYAN: But then a funny thing happened on the way to June 30th.

Q: Oh boy.

RYAN: Congress, in its appropriation law, required that the U.S. dollars could not be “made available” unless the Secretary of State would certify Pakistan’s performance on some geopolitical matters, like cooperation on terrorism and nuclear issues.

Q: Right.

RYAN: The certification memo’s substance had been put together in the embassy, USAID and State both working on it. But for some reason the Secretary was sitting on it.

There were no objections coming from Washington -- no complaint that, “OK, here’s a problem with the memo, how do we fix it?” Or, “Here’s the concern that Congress is going to have if we say this. What extra arguments do you have?” Nothing like that, just radio silence. And the GOP was getting desperate as June 30th approached. That was a Wednesday in 2010.

Q: Right.

RYAN: So, as we got up to crunch time we decided (or, actually, I decided) to get the operational paperwork fully done so that Washington could (if it wanted to) make the funds available by the deadline.

Doing our calendar arithmetic, we saw that our work had to be done by Monday for Washington to meet the Wednesday deadline. If we at post waited through the weekend until Monday, then even if we got the communication from Washington saying that, “OK, you have the certification, now go ahead and obligate the funds,” we wouldn’t have been able to do it in time.

So, after waiting until the weekend before the 30th (Friday, Saturday, and Sunday, when you include both countries), I “cut to the chase,” literally, and chased people around to get final agreement and clearances. You can imagine.

Q: Right, right.

RYAN: And we got it done: the mission signed off on the obligation and sent it to Washington on Monday the 28th. The last word we had was that the Secretary was not objecting and the certification was going to come over the U.S. weekend. Remember also, Monday morning in DC is Monday evening in Islamabad.

Q: Oh boy.

RYAN: Hey, obligations panics like this happen distressingly frequently, but usually on September 30th, at the end of the USG fiscal year.

Anyway, when we finally sent in our part at the end of the day, we called up Washington to say, “OK, the certification got done, right?”

Q: Uh-huh.

RYAN: And the answer was, “No.” It had not been done.

Q: Well were you ever able to find out why the Secretary was sitting on it?

RYAN: No. I’m sure that in some tortured mental state there’s a good rationale. It’s hard to put yourself into the rivalries and the potential blowbacks of environments that you’re not living in all the time yourself. Maybe one of your other oral histories will turn up the circumstances surrounding this.

Q: OK.

RYAN: Anyway, there we had done the obligation but didn’t have the certification. So I asked our RLA, the Regional Legal Adviser, who was holding the telephone receiver and looking a little bit aghast, “OK, so does that mean that the Secretary of State is going to be fired?” The RLA didn’t laugh very loud.

Q: Right.

RYAN: But please note: Washington did not send the funds back. They did not say, “Hey you know you can’t do the obligation yet, cancel it.” Instead, they finally got the certification through, with no change in the justification or the facts on the ground, that I’m aware of. Then they used the funding documentation that we had sent, rushing the deposit to the U.S. Federal Reserve Bank of New York account of the State Bank of Pakistan (Pakistan’s central bank) late in the afternoon of Wednesday the 30th.

Only to have the Fed refuse it, because it arrived five minutes after the close of business.

Q: Holy cow.

RYAN: Yes. So the disbursement was made on July 1st.

A week later, the guys from the Ministry of Finance in Islamabad called me to ask, “Couldn’t we count it as if it had arrived on the 30th?” Because they were on the hook for what the books showed at the close of business on June 30th.

Q: Right.

RYAN: Washington said that what made them late was that they had to do some additional paperwork to explain why our obligation arrived too soon.

Q: Wow.

RYAN: Which implies, I suppose, that we should have sent in the obligation even sooner! But let’s not be practical.

Anyway, our financial management people had to go through paperwork to explain and apologize for what we had done. No penalties ever were assessed that I'm aware of, certainly none on me, who in substance was the guiltiest party. I twisted everybody's arm into doing it.

Q: Right.

RYAN: But in my view, it wasn't a problem. Congress's stricture was that the funds not be "made available" until the certification happened. Ask the folks at the GOP's Ministry of Finance when the funds were "made available."

By the way, the 2010 floods that displaced 20 million people, a horrendous number, were about to occur and finally arrived in July. We reprogrammed for flood relief some of the cash-transfer funds that hadn't been released, in their Pakistani rupee form, to the Pakistan government's budget yet.

So, to review: we had two obligations, one at the end of September 2009 and one on ~~June 30th~~ July 1st, 2010, both of them for the Benazir Income Support Program, for IDPs and reconstruction problems in the northwest, and for higher education, again emphasizing the northwest. And the story I've told about balance of payments problems and protecting certain parts of the budget while making reforms is still going on in 2017, with little change.

Q: OK.

The Benazir Income Support Program

RYAN: The Benazir Income Support Program is worth discussing because of how USAID and the other international donors related to it. Like I say, it was started by the People's Party (PPP) government in 2008 and named after Benazir.

Q: Right.

RYAN: The beneficiaries were the country's poorest households. It ended up covering five to seven million households, which is very expensive. Even though the amount of money that a family receives is small, it increases the income of many of the participants by a quarter or a third.

Q: Wow.

RYAN: Yeah, but when you're doing five million households monthly, it adds up.

Q: Sure.

RYAN: It was designed to be disbursed to the female head of the household.

Q: Right.

RYAN: You could only put the money in the hands of a female, and on the condition that she have one of Pakistan's computerized national identity cards, the CNIC.

Q: Ah.

RYAN: One of the peculiarities of Pakistan was that, when I got involved in this in 2009, there were something like eight million more married men with ID cards than there were married women with ID cards. So, either millions of Pakistani women were married to multiple husbands, or they had one husband who wasn't letting them get an ID card.

Q: I see, yeah.

RYAN: Not getting an ID card means not having access to all kinds of civil rights and social services.

Q: Right.

RYAN: So one of the big objectives of the Benazir Program was to bring the women into the system. There's also a presumption, which is pretty well documented, that cash that goes into the woman's hands is going to be spent differently than cash that goes into the man's hands.

Q: Yeah.

RYAN: You think it's all part of the family budget but no, it doesn't work that way.

BISP started off on an administrative shoestring. For making the payments, they relied on the postal system, because the postal workers and a giant postal savings bank cover the entire country. Cash was to be carried in the hands of the postal workers and put into the hands of the female heads of household of the benefiting families.

The benefiting families were targeted by income, but initially there was no way of creating a list of qualifying families. So what BISP did for the first year was to distribute application forms for BISP benefits to each member of parliament -- from all the parties, so it was nonpartisan. I think they distributed 50,000 application forms

Q: Interesting. Uh-huh.

RYAN: For the parliamentarians to distribute to the poor in their districts. There was no guarantee that all of those forms would be returned, but when BISP received completed applications, it tested them against filters, using data available from the national citizen's database, to eliminate families that likely were not among the poorest. So your

application would be rejected if anybody in the family had a government job or a passport or a bank account. See, these things in Pakistan make you middle-class.

Q: Oh interesting, OK.

RYAN: And those are things that the national identity card system, operated by this really well-run organization called NADRA (National Database & Registration Authority), would have on the applying family, provided that the female head of household had gone through the process of getting a national ID card (CNIC).

Q: Uh-huh.

Targeting with the “Poverty Scorecard”

RYAN: That was the initial system. The World Bank, which is the global technical support agency for this kind of program, was helping the GOP set up a more rational system where a poverty scorecard could be used to qualify or disqualify families. The scorecard uses a small number of easily observable questions that closely track the results you would get from a full Living Standards Measurement Survey (LSMS).

Q: OK.

RYAN: You can’t do an LSMS every time you want to qualify a family, but you can do a super abridged version of it, which is the poverty scorecard.

Q: Alright.

RYAN: The Bank helped devise the scorecard, which involved statistical correlation between the results of different possible groups of questions with the family’s economic status as is revealed by much more detailed studies.

The Bank also financed the process of implementing the poverty scorecard, which involved physically contacting literally millions of households and asking the scorecard’s questions. Some of the families are in pretty remote areas where there was also shooting going on. So scorecard implementation was going to take years.

But the point is, without this process how do you target? Well, you can’t. You can go through the parliamentary system, but no one was very satisfied with that, and certainly donors were not going to support it.

Q: Right.

RYAN: Therefore, USAID’s budget support would only support disbursements for BISP to finance the program in the districts that had switched to the poverty scorecard.

Q: OK.

RYAN: I spent a lot of time with World Bank people, from the Bank's substantial country office in Islamabad (particularly Iftikhar Malik) as well as from Washington, and with BISP's administrative people. And of course I accompanied Ambassador Raphael in ceremonies with lots of smiles and photographs with BISP's head, Farzana Raja. Both of them camera-ready executives.

Q: Uh-huh.

RYAN: There was a notable reversal of traditional roles relative to BISP. Usually USAID grant-finances technical assistance and the World Bank makes big-money loans.

Q: Right.

RYAN: In this case it was exactly reversed -- we, for once, were supplying \$170 million for budget support and the World Bank's TA was setting the technical standards.

There were lots of questions from SRAP and Congress about the process of strengthening and financing BISP, although Washington was very much on board with the Benazir program as a recipient of support. Especially compared with gasoline subsidies, which basically went to diplomats and other rich people in country. But when you're actually giving cash (budget support), rather than TA, people get nervous.

Q: Right.

RYAN: There are a lot of things to be said about the Benazir program. Pakistan has added a lot to the basic monthly cash transfer. They now have a transfer that is conditioned on school attendance of children. They have a bunch of things, while I think that, on the whole, donors wished they would have kept it simple.

I was, myself, very concerned whether the financing would be manageable as time went along. They kept expanding the target population and the types of benefits, while drawing on donor support, which can't be permanent.

I think they never considered this seriously, but I was trying to suggest a way forward. "Look, before long you're going to have to adjust the monthly payout for inflation." Which they have done a couple of times since I left the country. That was fairly obvious.

Q: How severe was inflation?

RYAN: Not that bad: above 10% was high for them, and 5% or 6% would have been more normal. But over four or five years, the purchasing power of 200 rupees a month tanks.

Q: Sure.

RYAN: I tried to talk the Pakistanis and the World Bank into the idea that when these cost-of-living adjustments occur, you might give the increases only to the poorest group, creating different benefit levels for beneficiaries with different poverty scores.

Q: Right.

RYAN: Just in order to be able to afford it, as an option. So far, the program has continued to expand and has been able to find financing, however.

Support for Internally Displaced Persons

Let me move on to the displaced persons.

Q: OK.

RYAN: They came in two flavors, people who are displaced by the combat in 2009, and then by that gigantic flood in 2010.

Q: Right. OK.

United Bank's Payment Mechanism

RYAN: The real story in my mind was the incredible job that United Bank did in 2009. UBL, United Bank Limited, was contacted by NADRA in the middle of the year to set up a debit card system for the transfer of funds to the IDPs. Instead of postal workers handling cash, the idea was that displaced persons, many of whom were still in towns around the northwest with friends and family ...

Q: Right.

RYAN: ... and some in camps, these people would get debit cards and go to ATMs (automatic teller machines) and draw the money from accounts set up for them.

NADRA apparently contacted UBL on about May 27th, 2009.

Q: Uh-huh.

RYAN: And by July 9th, and that is six weeks later, UBL issued the 100,000th Visa-branded debit card.

Q: Wow. OK.

RYAN: By the end of the year they'd issued around 300,000, all in combat-affected areas of northwest Pakistan.

To me, this was miraculous. There wasn't even enough manufacturing capacity in Pakistan to get the cards ready that quickly, so they drew on offshore facilities.

And anymore Mark, you can't set up a bank account for people that easily, because of "know your client" rules that relate to money laundering -- and also potentially to providing finance to terrorists. Now you're about to give money to hundreds of thousands of families in the northwest of Pakistan. Naturally, Congress asked, "How do you know you're not giving money to terrorists?"

Q: OK, it's fair question.

RYAN: Intellectually, yes, but for the nickels-and-dimes of the per-family benefit, not really. These were not amounts that could be used to create an army -- they were much less than reputed Taliban recruitment bonuses, for example. I think terrorism-financing concerns were easy to dispel objectively.

Anyway, UBL had to get agreements from international authorities for exceptions to the "know your client" rules to open all these accounts, as well as Visa International's approval to use their brand.

UBL set up card-distribution stations in the IDP areas and actually had their first distribution of cards on June 10th, two weeks after being contacted by NADRA. NADRA had all the data on the IDPs from the authorities in the northwest who were certifying people as being displaced. So UBL could, through the magic of computers, correctly set up accounts, get their cards manufactured with the beneficiaries' names on them, and get them sent to the right physical distribution stations for distribution.

And I'm telling you, 100,000 Visa-branded debit cards distributed to IDPs and activated by July 9th. It was a stunning achievement.

Q: Yeah.

RYAN: Unbelievable. It impressed people so much that BISP started switching over to plastic, with the World Bank's and NADRA's help. This meant that BISP beneficiaries have been getting smart cards instead of cash from postal workers. And now, of course, there's cell phone, mobile electronic-money systems being gradually put in place for the Benazir program. It was the shock of seeing how well the debit-card solution worked for the IDPs that jump-started that.

IDPs after the Flood in 2010

The IDP crisis was much bigger in 2010 due to the flood. Again, we were financing part of the GOP's budgetary burden through our cash transfer.

The interesting aspect of this budget-support operation was that the donor group and the GOP agreed that donor funds would be released, district by district, on the basis of lists of the displaced, once those lists had been verified.

Q: Uh-huh.

Verifying the GOP's Beneficiary List

RYAN: So the verification was critical. The idea was that before funds were released, a sample would be taken of the families on the list, randomly selected via their national ID card numbers. The sample would be checked to see how many, if any, of the people on the list were not properly identified as displaced persons. If the number of faulty names in the sample was small, below some threshold, then the district's program was cleared for donor financial support.

Q: Uh-huh.

RYAN: Suppose the cutoff were 10% and in the sample you found that 9% did not check out. You could say, "OK, well that that's beneath the cutoff, we'll disburse."

When you think about it, however, what are the chances, given this sample, that the full district list has more than 10% faulty names? Chances are not zero. How big are they: 20%, 30%, 40%? If the sample statistic had a symmetrical probability distribution and the range of possible errors around the sample result were fairly wide, then you might have almost a 50% chance that the district has a percentage larger than your target. Would that be okay with people back in the donors' capitals? Maybe not.

Q: Yeah.

RYAN: It's a question for statistical theory. You have to decide how big a sample to take, since bigger samples reduce the chance of error, and then you have to decide your tolerance for error. To get zero error, you have to review the district's entire list, and by the time you're finished all the people will have succumbed to privation or gone back home, which would be just as well because you would have spent all your money on verification and have nothing left to distribute anyway. So the sample should be efficient with time and money.

Q: Uh-huh.

RYAN: The World Bank hired a consultant based in Britain who recommended using a rule of thumb that 3% of each district's list was the appropriate sample size.

I could see immediately this was wrong. For one thing, some of the districts have tens of thousands of potential beneficiaries, and the result of that is you've got a very large sample, which is going to be quite expensive and mostly a waste. For this kind of

statistic, once you get a sample over 100, the distribution of the estimator converges to its (asymptotic) limit -- a larger sample doesn't make it hardly any tighter.

Q: Uh-huh.

RYAN: And then secondly, there were some small districts for which 3% wasn't nearly enough. Because when you get down to smaller numbers, then the convergence is still far from complete and the distribution of your estimator is still going to be very broad.

In sum, for some of the districts, for the sake of economy and logistical expedience, you wanted to use a lot less than 3%. And for some of the districts, you wouldn't have a nearly valid test, unless you chose more than 3%.

So I spent some time reviewing the hypergeometric distribution, doing the math, and applying it district by district to find a reasonable minimum sample size for each district.

One thing I learned was an interesting eye opener. We didn't have real statistical software at the mission, since we don't do that kind of work. So, what are you using? You're using Microsoft Excel, right?

It turns out that it was well known, just not to me, that Microsoft Excel's approximations of the hypergeometric distribution are far from being accurate enough, even for government work.

Q: Wow.

RYAN: I noticed this because on a list of districts ranked by size, there was one statistic that mathematically is monotonic -- it has to get larger as the district's number of beneficiaries gets larger. But my list had a reversal in the middle of it.

So I said, "OK, which cell did I put the wrong formula in?" I went over and over it, but I couldn't find the problem. And so finally I said, "You know something? There's something wrong with the program's calculation method."

I started researching it and immediately I encountered warnings saying, "Do not use Excel for estimating X, Y, and Z."

Q: Wow.

RYAN: Especially if your expectation is close to 100% or 0%, rather than around 50%, where everything can be symmetric. We of course hoped that the number of errors in the government's list of beneficiaries would be close to zero. You get down there and the boundary conditions make some numerical estimation shortcuts quite imprecise. You have to be careful about that.

By now maybe Excel's capabilities are much better, considering that it is running on PCs with ever-increasing computing power.

Anyway, I got to enjoy actually putting to use some of my old Berkeley training, relearning some stuff, and applying it in a different context. And basically, the whole point was to assure the donors that care was being taken with their money, that the list wasn't being just taken on face value, and there was a careful effort being made to have sensible verification. I think I persuaded some people that a more flexible, better targeted sampling system should be used, but in any case they could be more confident about the management that was taking place in the field.

Q: Uh-huh.

The Multi-Donor Trust Fund for the Northwest

RYAN: As we got more involved in these programs in the northwest, the USG wanted to draw in more donors, and especially the smaller donors. One of the ideas that came up was a multi-donor trust fund administered by the World Bank.

A donor who might have five or ten million dollars might not find it logistically reasonable to have a program in the fantastically difficult and expensive working environment of NWFP and FATA. But the same donor could contribute that amount to the World Bank and get the economies of scale of a \$100 million operation.

But then of course, donors, including the United States, had to agree to let go of their money and let the World Bank's management mechanisms take it over. And that turns out to be hard for the USG to do. Getting approval for the USG contribution fell to me.

Q: Right.

RYAN: USAID's manual orders provide for what we call grants to Public International Organizations (PIO). PIO grants are something we're supposed to know about.

The U.S. contribution, "only" \$25 million, was going to be the largest one to this trust fund, which meant under our rules that the U.S. had a critical responsibility. It turned out that I needed to get a series of exceptions approved, relative to things like letting the World Bank use its own environmental approval mechanisms, their own audit procedures, procurement procedures, and so forth. It turned out that we were breaking just about every rule in the book, unless we got waivers.

But we did it. We went through the paperwork and we mollified people who were professionally obliged to say no to stuff like this. And we made the donation.

Afterwards I wrote a message to Washington saying, "Look folks, clearly the idea in our manual orders," we call them the Automated Directive System (ADS), "is that we should be able to do this. But if we're really going to do it, we need to modify our rules so that

we're not breaking the rules when we do it." And I laid out the areas that needed to change.

Q: Right.

RYAN: I have to give the agency credit, because they did revise the PIO grant rules. There had been other cases -- I think one was for the tsunami in Aceh -- where the USG wanted to put together these multi-donor trust funds under the World Bank management and had struggled with it. So there was probably pent-up demand for authorization to do it right.

Supporting Universities

Well -- on to universities as beneficiaries of budget-support cash transfers.

There was more to USAID's support to universities than just the cash transfer, of course. There are the programs of the mission's Education Office. But as one of Pakistan's Deputy Directors, Joe Williams, had been an education officer, pointed out, USAID's education offices are good at overseeing assistance for scholarships and teacher training, but they're not innovative in terms of developing local universities.

Q: Uh-huh.

RYAN: They're mostly focused on basic education, which is something that comes out of the 70s, when USAID stopped doing higher education for the most part. The Fulbright Program was still there, but it is mainly run by State side rather than by USAID.

Q: Right.

RYAN: I took it on myself to figure out what the professional education situation was in Pakistan. It's a fascinating system, with an overlap between what we in the U.S. would call high school and college, and a number of other aspects that were new to me.

I should mention that our friend from our previous Pakistan assignment, the one who needed the French training to get tenure in the Foreign Service, was working as a consultant to the Education Office while his wife was Mission Director, and he drafted a higher education strategy for the Education Office. Recall also that in my first six months at post I was also supervising the Education Office chief. (And, as a footnote, when he first arrived back in Islamabad, my education-officer colleague actually first worked as APO-Mailroom Supervisor, the same position that Paulette took subsequently!)

Despite all this research on higher education, it took a while to develop a program, which got through partly thanks to interest on the Economic Growth side.

Q: Right.

RYAN: On that side, which I also supervised for a while after my arrival, there were some ideas for assistance to applied economic research and agricultural economic research, which would have engaged the agricultural universities. There was some confusion in those designs that resulted from trying to combine them with evaluation contracts, which I helped clear up when I first arrived.

Partnerships with U.S. Universities

But more importantly, as the Economic Growth (EG) Office was trying to devise a greatly expanded program to use the money that was coming to the mission, I pitched the EG office chief (Amy Meyer Lovejoy -- who I was supervising) on a broader program of university development through U.S. university partnerships. She liked the idea a lot and so we put it as a \$70 million capacity-building component into her overall program, which she named "Empower Pakistan."

She was a good marketing person and it got approved in concept in May 2009, about six months after I arrived. Unfortunately, it was part of the overall program that got bogged down in the Holbrooke swamp.

Q: Ah.

RYAN: This EG program was the one that, when its dairy portion eventually went through a year and a half later, and I mentioned the delay to Ambassador Raphel, she became outraged at the criticism of the SRAP process.

But the university partnership idea had been approved in concept, and I subsequently put it forward as a standalone concept for "centers of excellence" in post-graduate professional training for various subject matters -- whichever areas you want.

By then, the SRAP process had narrowed the areas that USAID in Pakistan was supposed to work in to primarily three: energy, agriculture, and water. So what was approved in December 2009 for university partnerships was those three sectors, with a total of \$124 million. The best existing base in Pakistan would be selected and a U.S. university partner would be identified and financed to work along with the Pakistani base to develop a center of excellence for professional training and research & development, one for the energy sector, one for agriculture, and one for water.

An anecdote captures part of the rationale for this. At one point I was at a dinner in Islamabad, a lawn party on a warm evening, where I was seated at a table with a U.S. energy sector consultant who had worked in Pakistan in the 1980s and was back again. His gripe was that Pakistan never wanted to improve the technical management of their system, like load distribution through load-management software that was available as of that time. And all they wanted to do was invest in new hardware, new substations.

And he said, "You know, you're spending millions of dollars on additional substations, but that's not going to solve the problem. What you really need to do is have your load

distribution be handled efficiently.” And his suspicion was the reason why they liked capital expenditures is that you can get percentages out of those things.

Q: Ah.

RYAN: Which you can’t really do from the software side. Economy, in other words, is a bad thing in that world.

But my question for him was, “When you were here in the 80s, did USAID do anything about training opportunities for energy engineers?” And no, we hadn’t. So should we have been surprised that we weren’t satisfied with technical management twenty years later? That was something that the 1980s head of our energy office said as he was leaving, that it should have been done differently.

Anyway, by March 2010, the mission had approved the \$124 million university partnership program, and then Rajiv Shah, our Administrator, visited in April and picked up on it. He mentioned it specifically in his departure press conference in Islamabad and again in Washington when he got back. And his representatives for the next year and a half while I was at post, every time they visited, kept asking, “Where is our university project? Where is it?”

But implementation got put into the hands of the Education Office and it stagnated. Plus, our mission management, I don’t know how it is they felt they could ignore the expressed interest of the Administrator, but they managed.

It was finally implemented after I left for Peru. And so, every now and again if you keep track of USAID press releases or news in the press, you’ll see news about it.

Q: Yeah.

RYAN: They are called centers of “advanced study,” because the term “centers of excellence” turned out to mean something else in the Pakistani system. But three centers were created, with Colorado State for water, Arizona State for the energy one, the University of California at Davis for agriculture.

The Legacy of Past U.S. Partnerships

The Pakistani counterpart for agriculture was naturally the University of Agriculture at Faisalabad, in Punjab. It started as an agriculture college when the town was still called Lyallpur, after a British officer, Lyall, with the Indian suffix for city. The name change to Faisalabad came about during Bhutto’s time, when he was selling Pakistan to the Saudis. There’s also a big King Faisal mosque in Islamabad, by the way. It’s a magnificent structure.

Anyway, Faisalabad eventually became the premier agricultural university in Pakistan, in substantial part thanks to a ten-year partnership with Washington State University,

supported by USAID (starting under USAID's predecessor, the International Cooperation Administration) in the 1950s and 1960s.

Q: Uh-huh.

RYAN: There were about 100 PhDs earned by Pakistanis at Washington State, in Pullman, WA, while a dozen professors from Pullman spent multi-year assignments in Faisalabad.

The program had to close because of the war with India, and in the 70s USAID stopped doing tertiary education. But by then it had created an institution with real staying power. The faculty and graduates from that institution became the core of the other agricultural universities around this giant country of 200 million people.

It's interesting that this major achievement of U.S. assistance in a previous generation was basically forgotten. And when I say forgotten, I mean effing forgotten.

Q: Uh-huh.

RYAN: In my era from 2008 to 2011, Washington State University was back, along with their neighbors from Idaho State University, doing programs with Faisalabad. I'm not sure that they had financing from USAID in Washington, but anyway I was in contact with them. We started talking about the idea that we were going to do more with professional education in the universities, and I asked the Washington State people about archival information they might have about their program in Pakistan in the old days.

They did their best to research it when they returned home. The only thing they could find, and I'm so not making this up, the only thing they could find in their records about this program, was WSU's 1964 student yearbook.

Q: Wow.

RYAN: Which was dedicated to the Pakistan program, because the program was so important for Washington State in that era. There were lots of pictures of the faculty and staff and students visiting facilities in Faisalabad.

By coincidence, one of my colleagues in Islamabad, who was in the agriculture office that the mission had established by then, found both her parents' pictures in that yearbook, as young students.

Q: Wow.

RYAN: "Coincidence" hardly seems to capture it.

In any case, the Washington State people couldn't find any contract completion reports or other official documentation about the program back in Pullman. It was as if the ten-year

program, which was instrumental in creating the premier agricultural university, for -- what? -- the 6th most populous country in the world, was just forgotten. There must be some papers somewhere, I suppose.

Partly due to this experience, I commissioned a study of the legacy of the university development work that we had done in earlier generations in Pakistan. That's how I found out about Herman B Wells and Indiana University's (IU's) role in creating Islamabad University, which is now Quaid-e-Azam University.

Along with IU, the University of Southern California (USC) was also engaged. Back in the 1960s, Indiana and USC divided the tasks of helping Pakistan's school of administration in Karachi. It divided at one point, with the business administration part (IBA) staying in Karachi, while the public administration school was moving to Islamabad.

I know an economist at USC, Jeff Nugent, and since I visit LA regularly to see family, I went to see Jeff and talk about all this. He still has Pakistani students coming to USC. I asked him about getting some background information from USC for the Pakistan legacy study.

Q: Right, right.

RYAN: Jeff and I went to the USC University Archivist to try to find something about USC's work. We couldn't find a thing. I mean, this is like a senior tenured professor, they were not blowing him off. It was just lost in the sands of time.

The U.S. did this marvelous work in assisting the development of the best higher education in Pakistan, and then just forgot about it.

Q: Huh.

RYAN: It kept happening. In the Ministry of Finance one time, I was having discussions about programming cash transfers, and I remember that after most people had left the room, a senior Pakistani official stayed behind and we were having tea and chatting, and he said, "You know what you guys ought to do? You ought to do what you did back when I was in school at Punjab University in Lahore. The buildings on campus when I was there, you guys built all those buildings." I had never heard that. Nobody on our side knows.

Q: Wow.

RYAN: But he remembers, the Pakistanis remember.

Working with the Higher Education Commission

The head of their Higher Education Commission, the HEC, was a former professor in the State University of New York system. The HEC's executive director, the day-to-day operational head, Sohail Naqvi, had a PhD from Purdue.

They know what's going on. It's just the United States that has forgotten.

Anyway, Sohail was my main contact on all the programming of the cash transfer funds for universities, as the HEC is responsible for allocating national budget funds to the country's universities. It turned out to be complicated to meld an outside budget source with an ongoing budgetary program with both the capital and operating budgets etc. One issue was how to get additionality, which is what the U.S. wanted, in a situation where in fact just keeping the ship afloat was the challenge from Pakistan's point of view. They were having trouble meeting payroll, quite simply.

Q: Uh-huh.

RYAN: So he and I were going over these things. When I arrived in Pakistan, USAID had a pair of projects in the higher education field: one was financing the local currency cost of scholarships to Pakistani universities for low-income Pakistanis, and the other arose out of what the USAID mission learned in implementing the scholarship program.

In old European systems and their descendants, everything is paid for by government budgets. The money rains down from above. There is no tuition, there are no private contributions, there are no research contracts, no grants bringing money in.

So, there being no need for scholarships, equally there was no administrative mechanism for financial aid in Pakistan: for getting scholarships, for keeping track of the students, the financial and educational aspects of it. What USAID did, this happened before I arrived and was ongoing, was that we established a technical assistance program to help the Pakistani universities involved in the scholarship program (eleven, I think) build the admin capacity the needed.

Q: Uh-huh.

RYAN: So that they would be in a position to handle money that could be used as scholarship money to pay the fees that had crept into this system as well as living costs for low-income students.

Q: Yeah.

RYAN: The chief of party for the TA had been president of two universities in the U.S., so he knew the administrative stuff inside and out. Once he got involved with the universities, things started happening.

Remember, many of the higher-up people in Pakistan's universities studied in the United States and know about our university system -- particularly the land grant, Title XII system -- and how that was intended and succeeded in supporting industrialization and agricultural modernization in the United States. They totally get it. That's what they want.

So our TA project chief found that he was being drawn on for a whole range of institutional strengthening advisory tasks for these universities, going beyond scholarship management. How do we raise financing from our beneficiaries, from industry, from our student base, and so forth? That kind of thing.

And I'll tell you, as the HEC head, Sohail, said to me, "Joe, we could use 20 guys like him." And I said, "Go ahead, you've got some budget, go ahead, just do that." But he told me, "For me to do that, you Joe, are going to have to personally talk the Minister of Finance into letting me recruit people at that level. Because I can't do that normally. You're going to have to get me a special exception." Even if USAID gave him the money, he wouldn't have the authority to do it.

The point is that USAID can do things that our counterparts can't. If he says to me, "We need 20 guys," and I can get approval for that, then boom, we do it. It's an interesting division of labor here.

That Higher Education Commission, by the way, was created around the year 2000 by some super visionary people. Syed Babar Ali, an industrialist in Lahore, was a member of a multinational commission that was put together by an Egyptian, the head of the Bibliotheca Alexandrina, the new Alexandria library ...

Q: Right.

RYAN: ... to emphasize the importance of higher education to the development of emerging market countries. This group got support from a bunch of people in Boston, Cambridge and the World Bank, and wrote a very influential report, *Higher Education in Developing Countries: Peril and Promise*, which lit a fire under the World Bank. A couple years later the World Bank issued its own report, *Constructing Knowledge Societies*, saying that the Bank needed to do more about professional education and universities.

Babar Ali, a generation earlier in the 1980s, had used his own money to create, as a greenfield project, the Lahore University of Management Sciences, LUMS. It's basically a business school, an undergraduate business and liberal arts school. On the basis of the experience with the commission, he convinced the Pakistani government to give lots more -- I mean like tenfold more money -- for higher education, and to transform what was called the University Grants Commission (commonly known as the UGC) into the Higher Education Commission (HEC).

The UGC did just what its name says it did: it granted funds to the universities from the national government budget. The HEC became something more: a driver for building higher education in the country as a development force in the country.

In my view, by the way, Syed Babar Ali is one of Pakistan's great heroes. He is also a past President of WWF International (World Wide Fund for Nature), and one of his family firms was a partner in USAID's work on milk production, processing, and marketing.

So that was going on from the Pakistani side. We on the USAID and the USG side were coming a little bit late to the party, so to speak, but it was something that I plugged into and we tried to push it along as best we could, including with the cash transfers that I helped to sort out the programming on.

But there's other things they really should be doing. They need to do something about legal education: low academic standards and fundamentalist politics.

Q: Hmm.

RYAN: I fear it is going to hold back the governance of the country until somebody does something about it. When I arrived in Pakistan fresh off my Cairo experience with the U.S. supported LLM degree at Cairo University for the International Commercial Law, I asked several of the senior Pakistani contacts what was the best law school in Pakistan. The first three people I asked could not think of *a* law school in Pakistan.

Q: Hmm, interesting.

Nominating a Winner of a "Service to America" Medal

RYAN: The last thing I will mention is something I'm proud of for my time there. I nominated the Economic Growth office chief, Amy (Meyer) Lovejoy, for a Service to America medal. Do you know what that is?

Q: No, I don't. I know all the State Department medals and prizes, but not anything like that one.

RYAN: It's not a State Department prize.

Q: Ah, interesting.

RYAN: There's an organization called The Partnership for Public Service (PPS). Have you ever heard of it?

Q: No, no, I have not.

RYAN: Well, it's easy to look them up. Every year they give awards, including "Service to America" medals, to U.S. Government employees for achievements in different categories of public service.

State and USAID advertised the program in early 2009 as one of the types of awards for which staff could be nominated, and I thought that Amy would be a good candidate. I mentioned this earlier in our talk: a first-tour FSO coming to an essentially non-existent office and being confronted with the need to program hundreds of millions of dollars annually in a dangerous post -- and as a female officer in Pakistan where women's issues are so prominent. She spoke wonderful Urdu and had a great touch with people. Also, she had a lot of drive and good intuition about managing people who knew more about issues than she did. I think she just did a fabulous job in an impossible situation.

So I nominated her, and she won the 2009 medal in the "National Security and International Affairs" category. The awards were handed out in a big black-tie ceremony in Washington in September that year. I thought that was pretty cool. I liked that.

Q: OK, that's great. Alright, so let me turn this off.

Lima: 2011-2014

The Transition to Peru

Q: OK, today is July 17, and we are resuming our interview with Joe Ryan who is leaving Islamabad and going on to Peru.

RYAN: Yes, thanks Mark. So, I was just over 36 months in Islamabad, October 2008 to November 2011. My 12-month TDY ended in 2009 and we closed up shop in Cairo and went, both Paulette and me, back to Islamabad for a non-TDY assignment, where Paulette started an EFM (Eligible Family Member) job. We extended further a couple of times and even postponed home leave once in order to be at post for particular tasks.

I was up for reassignment a couple times, and at one point I was offered an assignment to the Eastern Europe office in USAID Washington. I wasn't very keen on that, so we took another extension in Islamabad. I was not required to go back to Washington due to the fact that I was serving in a Critical Priority County.

Q: OK.

RYAN: Anyway, Paulette and I had always wanted to see Peru, so when that came up as an option we went for it.

We were aware that this assignment was the last before retirement from the Foreign Service. In fact, I wasn't going to be able to do the normal two 24-month tours in Peru

before reaching the Foreign Service's mandatory retirement age of 65 in July 2014. Obviously, that colored our perspective on the assignment.

But in any case, in November 2011 we departed Islamabad and flew to Lima. Once again, this was a direct, mid-tour transfer, and we didn't take home leave until six months later, May 2012. When we returned from that home leave, it was for our final tour, which ended with my retirement from the Foreign Service on July 31, 2014. So, our time in Lima was 32 months, and my time in the Foreign Service overall was about 33 years exactly.

Q: OK.

RYAN: We traveled from Islamabad to Lima with our four dogs, which was part of the reason why we went through Amsterdam and took KLM (Royal Dutch Airlines) from Amsterdam to Lima. Not only was it a good flight, but KLM and the Amsterdam airport are both very good with pets. The flight from Islamabad to Amsterdam was via Pakistan Airlines, and that went fine too.

We were met at the airport in Lima by a colleague who was working in the office that I was going to head, Martin McLaughlin. He brought his family to the airport too, a very welcoming gesture. He turned out to be a graduate of the public policy school here at Indiana University where I've been teaching since retirement (SPEA). Although he had lived in Bloomington, I don't know that we necessarily knew any of the same people. But he had lived around the corner from my aunt, so that was congenial.

It was a very easy transition. Pending the availability of the house we were assigned to, the dogs were taken from the airport directly to a kennel and Paulette and I stayed in an apartment for a few days. The apartment was walking distance from the chancery compound, where USAID had its office. Unlike in Pakistan, USAID was in a big, purpose-built structure that had lots of space and facilities -- including even bathrooms!!

And then we went into our house. It's the first house we'd ever had that had a swimming pool, although that was pretty common in Lima. We had long thought that we would like to have a pool, but in the end we scarcely ever used it. We had to maintain it, of course.

The thing about the first house, however, was that it was quite small.

Q: Ah.

RYAN: Yes, and strangely laid out too. The Peruvian maid (who we'd inherited from a USAID/Pakistan colleague who had been in Peru) said that it was a house for "*enanitos*," which is to say a house for little dwarfs. Paulette said that, indeed, she felt like Snow White in the Seven Dwarfs' cottage.

Q: Oh.

RYAN: Anyway, USAID was very gracious about helping me get a chance to select another house. After about a year, we moved to a house that was really very nice -- not "palatial" nice, but nonetheless about the nicest place we had in our thirty years overseas. So we were well taken care of, after going through an extended transition.

Living in Lima

Peru, relative to every posting we'd had before, was relatively prosperous and well governed. Peru has about double the average income of the second most prosperous post we'd been to before, which was Egypt.

Q: OK.

RYAN: Peru has lots of natural resources -- oil, gas, copper, gold, timber, fish -- and a well-developed business sector.

As for Lima, I think my colleague who met us at the airport, as we were chatting waiting for luggage to appear, pegged it about right -- Lima is a poorer version of Los Angeles. The west coast of Peru is a desert, with cold-water beaches backed up by mountains. There is bad traffic in the city, but Limeños love their cars. I would say that people in Lima like the good life -- good food, golf, the beaches.

Lima has two living situations on offer for U.S. Embassy staff. One is the suburbs, over the hills away from the coast, which are relatively sunny. And the other is the downtown - - a high-rise, very congested urban area, with restaurants, entertainment, and Pacific Ocean views, but also with a perpetually foggy environment.

Q: Uh-huh.

RYAN: So, if you want sun and some grass for the kids to play on, you go east over the hills to a place called La Molina. There's lots of options on both sides, and the chancery compound is located between the two areas.

Our life was pretty easy, especially after moving into the second house. I left home quite early in the mornings to beat the traffic (which could be awful) and had a quiet hour in the office before things opened up. Volleyball being popular in Peru, especially for women, all the agencies had teams in an embassy league, where I could enjoy games that were both happy social events and good in terms of volleyball skill level.

Paulette always makes friends, and Lima was no exception. She developed a French-Peruvian group of women friends, one of whom we even visited back in France when we were there to see family. She also put together a great household team that put on nice dinners and office events at our place, which Paulette justly took pride in and gave a lot of pleasure to many colleagues.

Also, Paulette got hired to give private French lessons to a USAID officer whose onward assignment was to Niger, for which the officer needed to get a 3/3 score in an FSI exam. USAID engaged Paulette so that the employee and her family could stay in Lima instead of all tramping off to FSI in Washington DC. So, the employee was able to work part-time at USAID/Peru and study French part-time with Paulette. The exam went well and USAID saved quite a bit of money while also keeping the staffer on the job part-time.

Obviously, Paulette and I visited Machu Picchu, but we also visited fascinating places like a lovely ecolodge in Madre de Dios, Iquitos (the jungle rubber town), Trujillo (with the amazing Huaca del Sol and Huaca de la Luna antiquities), Huaráz (in its alpine valley, also with the amazing Chavín de Huantar antiquity in the next valley over), Colca Canyon (and its condors), and more. We didn't begin to use up the opportunities. We could easily have stayed longer.

On the other hand, thanks to our forestry management concerns, I also got to visit some relatively gritty logging waypoints in the Amazon, notably Pucallpa (or "the Heart of the Lesser Darkness," as my Zairian background made me think of it).

Q: Right.

RYAN: We were also reunited with the Peruvian economist who had assembled the technical assistance team for Nicaragua, Dani Schydlowsky. In our Nicaraguan days in the 1990s, he had been at American University, but he and his wife, Irene, were back in Peru when we were there.

Q: Interesting.

RYAN: He had supported Humala in the elections and when Humala became president Dani was appointed the head of the agency that supervises financial institutions. So Paulette and I got to get together with Dani and Irene several times. That was enjoyable.

Multi-Continental Medical Services

A notable aspect of Foreign Service life is medical services, and we had more experiences with that during our time in Peru than we had had before.

In 2013, when Paulette was due for a mammogram, she decided to get it done in Paris while we were there visiting one of her sisters.

Q: Uh-huh.

RYAN: That would have been on R&R from Lima, because we took home leave in 2012.

It's always difficult to get medical work done when you're on home leave or R&R, bouncing around between different towns and on very limited schedules, especially in the

U.S. What we found was that France was an easier place to get it done, even though we don't have French medical coverage (since we don't live there).

The way we discovered that was that, in 2011 while visiting in Paris, my wife had stumbled on a sidewalk and broke her arm.

Q: Wow.

RYAN: It was on a Friday evening at 5:00 pm, right in front of a doctor's office. The doctor referred Paulette to a nearby hospital and we (her sister, her sister's son, and I) took her to the emergency room. I went to the desk and told them that my wife had a broken arm and they asked if she had the "*carte vitale*" issued by France's social security administration, and I said, "No, we're Americans, here on a visit." And they said, "Okay, fine, just wait and we'll take care of you."

It took a while before Paulette was seen, but then they stabilized her, figured out what needed to be done, and checked her into a room at the hospital. By then it was the wee hours of Saturday morning. On Sunday afternoon, an operation took place where some pins were put into her left shoulder to pull everything back together. It went just fine and I stayed on at her sister's house which was only about a 15-minute walk from the hospital.

I remember that it was Tuesday afternoon, when it looked likely that she was going to be discharged on Wednesday, that somebody came in her room while I was there to ask about the "*prise en charge*," which means, who's going to pay the bill?

Q: OK.

RYAN: Up to that point, they had taken my oral representation as to who we were and what her name was. I never gave them anything in writing. All they needed to know was that she had a broken arm, and if she had a *carte vitale*. Otherwise they didn't ask any questions, nothing.

Q: Wow.

RYAN: I had put myself in touch with the Paris embassy and figured out how things work. For Foreign Service Officers, it turns out that the State Department acts as a secondary insurer when you're posted overseas and have medical needs overseas.

Q: OK.

RYAN: So, what the embassy did was to get an assignment of my private insurance benefits, which of course I got through the Federal Employees Health Benefits system, and they took over everything from there. They paid the bill, got reimbursed from the insurance through my assignment of benefits to them, and just ate the balance of the cost.

Q: Wow.

RYAN: Those five nights in the hospital, the surgery, the emergency room, etc., I understand the bill for that was on the order of 10,000 Euros.

Q: Wow. So \$15,000 or more.

RYAN: Which is basically nothing by American standards. In the U.S., your deductible would have been more than the total cost in France.

Q: Yeah.

RYAN: With that experience, Paulette wanted to get her mammogram in Paris in 2013. So her sister set up the appointment, and when we arrived for a visit she got it. France also requires an ultrasound to be done, and the ultrasound (not the mammogram) found a lump. So, Paulette needed surgery. After returning to Lima, Paulette elected to have the surgery at Georgetown University Hospital in Washington DC, and we were medevac'd (medical evacuation) there. The embassy's Regional Medical Officer (RMO) in Lima, Dr. Nancy Manahan, made it all easy.

Q: Uh-huh.

RYAN: We were able to stay with wonderful USAID friends in Arlington, Rick and Bouchra Gold, no hotel required. The lumpectomy and a one-time radiation treatment were performed at Georgetown. I was with her for a couple weeks and when my TDY ended and I returned to Lima, Paulette stayed on at the Golds'. Fortunately, she didn't need chemotherapy, and we got approval from State Med to get her continuing radiation therapy done in Lima, which she did over a span of months after she got back.

Q: Oh, interesting.

RYAN: It was a pretty impressive medical support system, which combined French, and Peruvian, U.S., and Foreign Service aspects.

Paulette had also needed gall stones removed in the Philippines, years earlier. She was in the hospital in Manila for about ten days. The charges were practically nothing -- it was ridiculous, by U.S. standards.

Q: Wow.

USAID/Peru as a Training Ground for USAID New-Hires

RYAN: Because it's a long-standing mission with good physical facilities in a place that isn't dangerous, USAID/Peru was also a major training center for the agency. I think at one point we had over 20 of what were called DLIs, new-entry FSOs hired under the Development Leadership Initiative. The DLI was launched in 2008 to rebuild USAID's

Foreign Service staffing after the period, especially in the 1990s, when the number of USAID FSOs had been pushed down to about 1,200 globally. It was decided in 2008 to rebuild and maybe to double that number. They didn't succeed, but I think they got up to 1,800.

Q: OK, so it had fallen to 1,200 from about what number?

RYAN: Oh, my goodness. Well, if you go back to Vietnam War days there were almost 2,000 in Vietnam alone. The peak number of U.S. direct hires overseas with USAID, who I suppose must have been FSOs, was in 1968: over 4,800. In 1990, there were about 3,500 worldwide (including zero in Vietnam, of course), but that was before the collapse really got going.

Q: Oh, I see. OK.

RYAN: The Development Leadership Initiative was the successor of previous new-entry programs, like the International Development Intern (IDI) system of an earlier period. People were hired under DLI at the FS-6 level, many of them taking pay cuts to come to USAID since they had been waiting so long for USAID to resume staffing its FS positions.

Q: Yes.

RYAN: There was an office in Washington for managing DLIs' assignments and training during their first couple of years. That office would identify missions that were good training grounds. If a mission was assigned DLIs, you would do special things for them, rotations through various offices for example.

Q: Ah.

RYAN: Peru at one point had about 22 DLIs in the mission at the same time.

Q: Wow.

RYAN: And since we had done so little hiring for so long, the pool included some pretty experienced professionals.

Q: Right.

RYAN: Just not that much internal USAID experience.

A footnote again: I think that probably a part of the support for creating the DLI program came from the difficulty in staffing the CPCs -- the Critical Priority Countries. The example of the new FSO who had to handle the Economic Growth office in Islamabad, and as a result won the Service to America medal, showed the stretch that USAID was making. People figured out that we had disinvested in an asset that we turned out to need.

It was the Bush-Cheney administration that in 2008 created the Development Leadership Initiative.

Q: Yes.

USAID/Peru's Program

RYAN: As regards bilateral relations and USAID's role, there were basically two reasons that we were in Peru. It wasn't poverty, it was coca first of all.

Q: Right.

RYAN: And secondly, a bilateral trade agreement, which had entered into force in 2009 -- the Peru Trade Promotion Agreement (PTPA). It only got through the U.S. Congress after environmental and labor annexes were added to the initial agreement. Implementation of those annexes became the USG's focus. Normal import-export transactions didn't create issues to the extent that those issues did.

USAID's organization mirrored the bilateral relations. The mission had two big technical offices, one called Alternative Development, which was for economic development in the coca producing area, while the other office was for the environment, as well as for trade capacity-building and some support on labor issues. That was the office that I headed.

Development Alternatives to Coca

The USG had a coca-eradication presence in the embassy, but USAID's program was alternative development in the coca areas, not eradication.

Q: Right.

RYAN: USAID's Alternative Development Office was into coffee and cacao, and they were busy helping people brand Peruvian chocolate and get it marketed in Brussels. So, they weren't actually flying aerial sorties to disrupt coca cultivation. That was the other guys.

Q: Let me ask you a kind of more general economist's question at this point. As you look back on that period, the economics of drugs, and how much it pays, and the economics of the replacement industry, whatever the agricultural replacement industry, would it work in principle? Was it economically feasible for the people who were wedded to the illegal growth?

RYAN: You need to distinguish two different aspects of the coca economy. There is the indigenous farmer aspect, and there's the international "cocaleros" aspect.

The first is the traditional crop, coca that is used for various things having nothing to do with cocaine. That's not illegal in Peru: the first thing you're offered at hotels in Cuzco is coca tea.

What is illegal is the industry that transports and distributes the illegal product from Peru to other countries.

Q: Right.

RYAN: So, you've got this balancing act, where you want to support the small farmers while cracking down on the illegal industry. The perspective that enforcement has is that the small farmers are being forced to cooperate with the illegal industries. The farmers certainly like the money, but on the other hand, they don't necessarily like being subject to reprisals and coercion. That's the kind of danger associated with the illegal activity.

Q: OK.

RYAN: So for the indigenous, the answer to the question about economic feasibility of crop substitution is at least "maybe." It's hard to replace the money from the illegal transactions, but getting free of it and into a safer line of commerce is attractive nonetheless.

I was not directly involved in it, so maybe I'm the wrong person to ask, but the thing is, I get the feeling that farming in the coca areas is a way of life that in principle ought to be on the way out anyway. Even if you succeed with coffee and with cacao, success will still mean a relatively small number of efficient producers with a lot more value added per person.

Q: Ah.

RYAN: You see what I mean? In the successful scenario, development over time both pushes and pulls much of the population out of those remote areas.

That's the story of virtually all industries, including manufacturing, but more notoriously in the history that we've already lived, agriculture. The proportion of the population working on farms shrank in the United States over the course of the 1900s from -- what? -- 40% to 2%? It's not as if agriculture went away: agricultural output went up. But the production process was transformed.

So that's what the future in the traditional coca producing area on the slopes of the Andes would be anyway. Whatever success you're going to have, it's not going to be with masses of people working in it.

Q: OK.

RYAN: But people don't transition out of a traditional occupation rapidly. The young people leave, the old people stay, and you've got a population that needs to survive *in situ*. And so, finding another income source is very relevant, even if it's only transitional in the larger scheme of things.

Q: Right.

RYAN: That's what USAID was doing in the coca areas -- agricultural projects, and a bit of social-sector projects -- support to the Peruvian government's schools and clinics. Services are always more of a problem in rural areas, whether it's the U.S. or anywhere else.

Q: Uh-huh.

Closing Out "Economic Growth" Programs

RYAN: Alongside the coca program and the environment program, the other traditional USAID areas -- you know, economic development, schools, health, democracy -- were present but not really getting much budget anymore and were basically phasing out, except for the elements in the coca areas.

As regards my role, I was coming in as the chief of an office that was called Economic Growth and Environment. A big part of my assignment was going to be closing out the economic growth activities and building up the environment program.

Q: OK.

RYAN: For example, on the economic growth side, USAID had been supporting a very successful program for small enterprise in the Andes. What they did was to organize producers, mainly for agricultural products that were unique to the mountain environment ...

Q: Right.

RYAN: ... and to put them in touch with coastal markets.

Q: Aha.

RYAN: The key was that it was market driven. Let's put it this way: instead of bundling up the stuff that didn't get sold at the end of the market day and carting it down to the coast and see if anybody would buy it, no. You start instead with the hotels and restaurants on the coast to see what it is that you can sell there. And then you work back to producing it in the exact varieties, colors, shapes, sizes, lot sizes, etc., and seasonal timing, quality, etc., that's required on the coast. You organize production around the exact thing that you've got a contract in hand to sell. So the producer has to adjust, and

organizing producers to make the changes was a big part of the assistance for the adjustment.

Q: Right.

RYAN: So that was the model. It wasn't really the traditional model. In fact, while I was at post we got a call from a woman who was doing a master's degree at the Wilson School at Princeton, who had been in the Peace Corps in the Peruvian Andes. She wanted to do a summer's internship with us. She just cold-called us, but I said, "That sounds good," and we worked it through our system -- actually, we don't have a system for that, but everyone supported it so it through anyway. She came to post and we connected her with the Andean producers project. At the end of her time, her comment was, "You know, this is funny because the project's goal is what I was trying to do as a Peace Corps Volunteer, but it does it in exactly the opposite way." So that's the point.

If you go back in time, developing countries leaders have always talked, like in India, about "marketable surpluses."

Q: Yeah.

RYAN: The idea that, oh, we're going to go to London and sell the things that our markets here in India had left over and didn't want. Well, no. That's not going to happen.

Q: Right.

RYAN: Our project had something like nine centers in the Andes. They were generally close to the mining company areas -- not in them, but close enough that the companies would make financial contributions to the activities.

Q: That's remarkable.

RYAN: It was part of their corporate social responsibility.

Q: OK.

RYAN: The period when I was in Peru was a one of high gold prices, so the mining companies were just minting money. They were rolling in it. I knew one guy from the States who was with a mining company and had been in Peru for a couple years, fairly high up. He said, "You know, we were ready to leave, we'd like to go back to the States, but you know, when you're making this much money, you just have to stay."

Q: Uh-huh.

RYAN: At this point USAID was finally phasing out of the project. Strategically, average incomes had tripled in Peru over the previous 20 years, and even rural Andean areas were

doing better. It just wasn't a place where we were going to get a lot of economic-growth money from Congress.

So, we worked on devising a hand-over plan. We lined up financial support from the mining companies, although that was becoming increasingly difficult to negotiate, along with financing from a Peruvian government entity whose goal was similar to our project's. That entity turned out to be not very dependable, but we went ahead with the transition plan.

Our current project was the third iteration of USAID support, since it had been doing so well. There had been 13 years of USAID assistance when we finally pulled out.

There was a nice ceremony at the Ambassador's residence. One Peruvian stakeholder after another, from various organizations, got up and said they wished we would continue our project.

We also had a more traditional trade capacity-building project, with technical assistance organized by a U.S. firm but led by a very capable Peruvian, a woman who was a former government minister. The project supported a variety of things related to the bilateral agreement, although some you might not expect: helping secondary cities to rationalize their business regulations and citizen services, for example. But anyway, we closed that one out also.

The same firm who implemented the "facilitating trade" project in Peru implemented the Ecuadorian part also, using funds for the South American Regional program. The Ecuadorian program had management challenges, due in part to the direction of Ecuador's policies, but also internal USAID issues that were harder to manage due to two missions in different countries being involved.

Closing out those Economic Growth activities entailed eliminating a senior staff position in our office. You know, positions come with people in them, so that involved letting go a guy who had been in USAID for quite a while. That had been pending for a long time and it fell to me to do it.

Q: Let me just go back one second. As you're talking about this this kind of overall change in the marketing of goods, and the need to look ahead for mitigation of climate change, what was it principally, that caused the tripling of incomes that you mentioned earlier?

RYAN: I think it was a diffuse growth process. Certainly, agriculture was a big part of it - more export capacity, better paying markets. Mining was clearly a big part of it. Mining revenues go up and down depending on the commodity prices, but that was surely a part of it.

Peru is also relatively skilled. For example, I recounted that when I was in Nicaragua, 1993 to 1997, our economic technical assistance was provided through a contract with a

U.S. consortium whose key person was Peruvian, Dani Schydlofsky, and he recruited an all-Peruvian team for Nicaragua. And that team, curiously enough, was composed of people with a variety of names -- not all Latin: Lebanese, Japanese, etc.

Q: Right.

RYAN: The point is that Peru has attracted people from around the world. Obviously, they had a president of the country who was of Japanese extraction. So, there are economic opportunities that have attracted a lot of capital and skills over the generations. That's a base for productivity.

Q: Uh-huh. And another more general question, as you're talking about all these different national origins, people who have come to Peru because there were opportunities. What about the Chinese?

RYAN: Yes, of course. The main supermarket that you go to buy groceries is Wong's -- the biggest grocery store chain in Peru.

Q: But none of the larger scale ...?

RYAN: China's contemporary international role? Yes, some of that was beginning to happen in Peru. But the main external investments in Peru are mining companies, and I guess this hasn't been China's focus up to the present.

Q: OK.

South America Regional (SAR) Programs

RYAN: I've mentioned that our mission housed South America Regional programs -- another acronym for you to memorize, SAR -- in a variety of areas, including both environment and for trade, which were relevant to my office, and also for schools etc.

Q: Ah.

RYAN: When I arrived, the environment part of the regional SAR program was getting about \$44 million a year, which was programmed, not out of LAC (the Latin American and Caribbean Bureau in Washington DC), but out of a sub-office within our Economics and Environment office in USAID/Peru. We had a couple officers who were in charge of it, managing funds for programs in Ecuador, Bolivia, and Colombia, led by Jason Girard. Those projects were sometimes managed from Lima, but more often managed by people in the USAID mission in those countries, some of whom were employed by SAR itself and some of whom were employed by the country missions and worked on bilateral as well as regional programs -- which as you can see were somewhat intertwined.

Q: OK, but how was the decision making done to determine what programs?

RYAN: Mainly through bilateral negotiations between governments in the country and the other stakeholders in the countries in question.

But the idea on the U.S. side was that the Amazon basin needed to be looked at as a whole. Progress in one location wasn't necessarily success until you saw how the overall basin was evolving. This concept was supported by Congress, largely through the initiative of a well-known staffer.

Q: Oh, I see.

RYAN: So the South America Regional (SAR) environment program was dominated, in fact, by an Amazon Basin Initiative.

It's worth having an aside on the general subject of "regional," which is to say multi-country programs. You could say that it's popular in USAID to create them: I saw it in Egypt, in the Philippines, in Peru.

Part of its attraction, I think, is that it's a tool of political entrepreneurship. USAID is built around country programs, so that multi-country programs have tended to be comparatively peripheral and to have come and gone in specific circumstances. Their role relative to country programs in their regions is variable. So they're fluid and depend more on someone taking initiative, unlike the fixed, long-term network of country programs.

Now, when you take an initiative to create a new program, you create new positions, and multi-country programs necessarily create executive positions because they naturally interact with Mission Directors of the country programs. So, in addition to competing for existing executive positions, there's the option of designing your own if you can create a "regional" program.

But national governments are responsible for all the administrative actions in their countries. So you're always really working, in any locality, with counterparts who are subject to national authorities. There's no such thing as a "South American" legal authority in Peru, for example.

In the end, therefore, a multi-country program is not a program with a multi-country counterpart: it's always a collection of single-country activities. Some work gets done through grants that are made to international NGOs, or through grants that are made across borders to what we call non-presence countries. But implementation is still local and activities work in a national framework.

It's natural therefore that management develop at the country level. For example, USAID/Colombia was developing its bilateral environmental management to get a better handle on things that had up to then been managed out of Lima.

Q: Yeah.

RYAN: Of course, there are USG interests that support creation of regional programs. But since USAID's core results tend to come out of country programs, the regional programs always seem to be skating on thin ice -- needing to defend their concepts and role, not having as dependable a budget stream. So, a position leading a regional program can be viewed as an additional, quicker springboard into executive ranks, and they tend to attract people who are interested in doing something new and visible, rather than what you could call the same-old, same-old of country mission programs.

By the way, in addition to the environmental SAR programs, there were also trade-related SAR activities, which our office in Lima was supporting and partially responsible for, but which were taking place outside Peru, notably in Ecuador. I personally had some issues to deal with there, stemming from the Ecuadorian government not being very cooperative and leading to debate and disagreement about how USAID should proceed.

Peru's Natural Environment

RYAN: Most people, when they think about Peru, must think about Machu Picchu and the Incas. There are lots of Inca antiquities and Spanish colonial heritage and so forth, and that's very interesting.

But really, what people ought to think about when they think about Peru is the natural environment: the Andes and the Amazon. Peru as a country ranks fourth in tropical forest area. That's after Brazil, Zaïre and Indonesia.

Q: Interesting.

RYAN: And 70%, by area, of the world's tropical glaciers are in Peru.

Q: Wow.

RYAN: Thanks both to this diversity of habitats and being close to the equator, Peru is hugely biodiverse. In terms of number of species, if I have it right, Peru's ranking among countries is first in fish species, second in bird species, third in amphibian species, third in mammal species, and third in reptile species.

Q: That's remarkable.

RYAN: Rankings change with new discoveries, of course, but even if these rankings aren't precise, the point is that the general public doesn't connect this with Peru.

When a new-entry FSO with a social media and public communications background joined our office, it got us thinking about how it would be beneficial to do something to move Peru's image in that direction. We thought that Peru would do a better job of natural resource management if its people had a self-image that was defined more by its natural features and biodiversity, rather than by antiquities and gold mining.

Q: Uh-huh.

RYAN: The Amazon is on the other side of a chain of mountains of 6,000-meter peaks, and so it's "out of sight, out of mind" to some extent.

Q: Right.

RYAN: I would also say that Peru is remarkable in being geographically isolated from other countries. There's not a lot of cross-border stimulus. It didn't seem to me as cosmopolitan, or multi-cultural, as the elites in Pakistan or Egypt are.

Q: Uh-huh.

Assistance for the Environment

On the environment side, U.S. activists had really pumped up the issue in the context of the bilateral trade agreement. It was the activists that got Congress to require that the administration add more language to the draft agreement to support enforcement of existing international agreements, particularly the Convention on International Trade in Endangered Species, CITES.

Q: Right.

RYAN: There are a couple Peruvian hardwood species in the CITES annexes. One is actually endangered, that's broad-leaf mahogany. And another that Peru has voluntarily put on CITES' third annex, which is for species that could be headed in the direction of endangerment, is Spanish cedar. Under CITES, trade in those commodities is subject to pre-approvals by national authorities that are concerned with biodiversity and species endangerment.

Q: Uh-huh.

RYAN: But in a remote area like the Peruvian Amazon, regulation and enforcement of regulation are hard to do and not done very accurately. Knowing this, the environmentalists in the United States got Congress and the administration to make enforcement a priority for the U.S. and USAID under the trade agreement.

Adaptation to Glacier Loss

During my time in Peru, after November, 2012, we also started doing more on the adaptation to the loss of the glaciers. In about 30 years, the glaciers will be gone. It's not as if the water from rain and snow will not come down out of the mountains, it will. But it's not going to be intermediated by glaciers anymore.

The inter-annual and intra-seasonal timing of flows is going to be different. There are going to be more flash floods, larger peak flows in all the rivers, and a different chemical

nature to the water because it's going to percolate through soil rather than be locked up on the surface in ice.

There's a bunch of things that over the next 50 years have to be done in response. There are places where you've got a highway now where you won't want a highway 30 or 40 years from now.

Q: Yeah.

RYAN: Bridge abutments are not going to be in the right places. Urban and agricultural areas are going to have to invest in new approaches to water storage, water treatment, channeling, and so forth. Remember, the Peruvian coast is a desert -- no water, no rain.

Q: Right.

RYAN: I think I mentioned that in the Atacama Desert in northern Chile there was a spot where it was documented that there was no rain for something like 397 consecutive years from the early 1500s to the early 1900s. Apparently, it's the driest spot on Earth.

So, like Southern California, all the water comes out of the mountains.

Q: Right.

RYAN: We were already supporting The Mountain Institute's adaptation initiatives in Peru's Andean valleys and Pacific coast, but we were also trying to entice more environmental groups to get engaged in adaptation and watershed management.

Q: Uh-huh.

RYAN: We issued a solicitation for applications that was going to be open for a couple years, under which we could make two or three grants, to try to develop an industry of professionals who could advise cities and up-river towns and communities about their mutual interests and how the changing environment was going to create challenges and opportunities.

Forest Conservation

RYAN: USAID's main environmental activity, however, had to do with forestry.

Q: OK.

RYAN: By the way, you earlier used the word "mitigation," which in the environment world refers to reducing greenhouse gas emissions.

Q: Oh, that's interesting, because I intended it more as mitigating the effects of climate change, but go ahead.

RYAN: That's the way I would use the word too, so that what we call "adaptation" would be "mitigation," but ... whatever. Mitigation is reducing GHG emissions.

Q: I see. OK.

RYAN: All the countries in the world are cooperating under the UNFCCC (the United Nations Framework Convention on Climate Change -- there are three C's) to evaluate where their greenhouse gas emissions come from. In Peru's case, the biggest single source is conversion of forest lands to non-forest uses. The GHG emissions from forest conversion are in addition to impact of loss of tropical forest habitat on the Amazon's mega-biodiversity.

So, managing the forest was job number one. You're not going to manage the glaciers, they're checking out. But the forest you can think about managing.

Q: OK.

RYAN: As I've pointed out, Peru's gigantic tropical forests are on the other side of the Andes from the coast where all the people live and where all the high-productivity agriculture is. Also, there's no mining to speak of in the forest. And logging is not that big of an industry, either. It's a relatively minor agricultural crop. So the forest is "out of sight and out of mind."

Q: OK.

RYAN: But still, the Ministry of Agriculture is in charge of forest management, reflecting that the legacy point of view didn't have to do with biodiversity and habitats, much less climate change, but rather a resource-exploitation point of view.

Q: Right.

RYAN: So, the issue for us was to improve forest management from the environmental perspective, both by improving the implementation of the existing regulations and by addressing the laws and regulations themselves -- about the logging industry and about other things that were impinging on the forest.

The first thing was the law enforcement emphasis that our bilateral trade agreement had already put in place. At the time I arrived in Lima, USAID was supporting two major implementing partners on this. One was the U.S. Forest Service.

Q: Uh-huh.

RYAN: The U.S. Forest Service works in about 90 different countries, mostly supported by USAID funding.

Q: That's interesting. Do they actually base people, or is it more of a temporary-duty kind of thing?

RYAN: In our case, they had a U.S. Forest Service staffer in country, Carleen Yocum, managing a team that, aside from herself, was entirely Peruvian.

Q: Oh, that's interesting.

RYAN: A bit before I left in July 2014, Carleen also rotated and in fact she thought she might get assigned to the Hoosier National Forest office, which is only a half-hour south of where I'm sitting right now. But she ended up in Minnesota, although part of her work relates to the Hoosier National Forest, as I found out not too long ago from a forester who works here but who knows her.

Q: Oh, interesting.

RYAN: Also, the number two in USAID's environment office, Jeremy Boley, who arrived a bit after I did, was a former U.S. Forest Service staffer, working in New York State, I think. He had been in the Peace Corps in Bolivia and had married a Boliviana, and now was starting a USAID career. So yes, we were close to the U.S. Forest Service.

And then we had a technical assistance project implemented under a contract held by Chemonics, which was "Peru Bosques." "*Bosque*" means forest in Spanish.

By the way, if you're working in this area, you will constantly see the initials FFS, the initials in Spanish for "*flora y fauna sylvestre*," which means forest plant and animal life.

The U.S. Forest Service was helping the Peruvian Forest Service devise a new and improved tracking system for logs and timber coming out of the forest. The new system was computerized and had satellite communications between posts at different points along the supply chain, so that it would become essentially impossible to fake logging authorization documents.

Q: Oh.

RYAN: Another phrase in Spanish that people who are in charge of enforcing regulations out in remote areas hear frequently is "plata o plomo" -- "silver or lead." Which means that your options are to be bribed or to be shot. So, think it over and let us know. It's easy to get forged documents accepted under those conditions.

The U.S. Forest Service was assisting in the design of a new system, and then the Peru Bosques project was going to take over assistance for the procurement and setup.

Q: OK.

RYAN: We had more headaches than we should have had in the cooperation between the various moving parts of that effort. They were just work-a-day bureaucratic headaches, I suppose you could say.

Q: Uh-huh.

RYAN: USAID was also supporting the Ministry of Environment, which was a relatively new organization. It was the successor of a national environmental council that USAID had also helped put on its feet in the 1990s. I think it wasn't until, gosh, about 2008 that the council was elevated to the dignity of a ministry.

Q: OK.

RYAN: However, it was not in charge of forests. MINAG, the Ministry of Agriculture, was in charge of forests, while MINAM, the Ministry of the *Ambiente*, the Environment, was working on forestry issues from the outside. It was a question of getting forests' biological role, as opposed to logging, into the management picture.

I should say, by the way, that Peru's main agricultural university was located in and referred to by the name of that sunny suburb of Lima where Paulette and I were living, La Molina. As in the case of Pakistan, La Molina's role as the main agricultural university had been supported by sustained partnerships with U.S. universities in the 1960s and 1970s.

But while La Molina had the country's leading expertise on forestry, it didn't emphasize forest biology and forest ecology. So, one of my concepts, which our office hadn't fully designed before I left, was what we called a Forest and Carbon Education Center, which would be based partly in La Molina, but would also have stations in the Amazon. It would give Peru the scientific and managerial professionals who would take into account of environmental science and rural sociology regarding forest management and conservation. I don't know how far that concept has gotten since I departed.

By the way, in addition to the National Agricultural University at La Molina, the most recognized business school in the country, ESAN (Universidad ESAN), was established with USAID's support, as a greenfield project, through a contract with Stanford University's business school in 1963.

Q: Oh wow.

RYAN: I did also check, since there's so much mining, about the impression that private industry had of Peru's professional engineering education, and I found that the gold-mining people thought that engineering graduates from Peru's institutions were more than adequate. I hadn't expected that, but it was nice to hear.

Anyway, we also had some direct assistance to the Ministry of the Environment for their priority projects. Managing that growing technical relationship involved upgrading a

position that a senior person in our office had been working in for quite a long time, 47 years with the USAID mission.

Q: Wow.

RYAN: This change had been pending for a number of years, but it fell to me to lead the transition to more specialized environmental staff. So I was charged with retiring two of the office's most senior people, one on the economic side and one on the environment side. They were fine people. It helps to have a few years under your belt yourself, for that kind of thing.

The office went on to hire staff with biological science expertise -- local Peruvian hires. We also repurposed a couple positions whose incumbents made the transition to the environment program.

Q: Uh-huh.

RYAN: One of the local hires, curiously, was a Dutch national who had relocated to Peru and married into the society. You would look at this tall blond person and think, "How is this a Peruvian FSN?" But there you have it. He's still on the staff as of today, I think.

Q: Interesting.

RYAN: The interviews were in Spanish -- the whole nine yards. He won the competition and he was eligible. We followed the rules.

Another institution that we were supporting was the association of regional governments in the Peruvian Amazon. Peru is administratively divided into "regions," and the four Amazonian regions cooperate in an inter-Amazonian council, CIAM in Spanish. Their forestry divisions were severely under-supported, and it was frustrating for USAID to work on strengthening the scientific and administrative capabilities of government agencies in an environment where we could not get the Government of Peru to allocate budget for it.

Q: Hmm.

RYAN: The other thing is that a couple of these regions were running into problems with wildcat alluvial gold mining.

Q: Oh.

RYAN: Which I had also seen in Mindanao in the Philippines fifteen years earlier. You see it, obviously, in periods where gold prices are high.

Q: Right.

RYAN: So, what's happening is that you've got the Andes, the rain falls on the eastern slopes, flows down and eventually becomes the Amazon river. And it's carrying a lot of stuff with it that has gold in it.

Q: I see.

RYAN: So when the streams hit the valley floor, what you do is you screen it to find the gold particles.

Q: Uh-huh.

RYAN: People figured out how to do this in California and various places. The technical options are that you can wait for the water passively, or you can use some sort of hydraulic works to create a water flow. I remember hiking in the Sierras a zillion years ago in my Berkeley days, and I went over a ridge and suddenly there was a giant moonscape in front of me.

Q: Right.

RYAN: Malakoff Diggins. The miners had built giant water cannons and blasted the hillsides to bring the debris down through their sluices to screen for gold. Big areas were just turned into a vegetation-free moonscape.

Q: Wow.

RYAN: It's growing back now. I mean, give it a few millennia and it'll be fine. But it's happening on a smaller scale along the beds of streams that are going into the Amazon forest coming out of the Andes in Peru.

What people do is with small pumps they suck the river bottom out and screen it. They tear up the area pretty badly. If you go online and look for some images of alluvial gold mining in Peru, and particularly in the southeastern region called Madre de Dios, you'll see some horrific looking photography.

Plus, then they refine the small quantities of gold they have by mixing it with mercury. So the mercury gets into the water, the fish, and humans, causing brain damage in children. It's a major scandal.

It's a wildcat thing, not controlled by corporations where you can find the executives, but basically poor people.

Q: Yeah.

RYAN: It's like the coca industry. And like in coca, the law-breaking community, which has comparative advantage in areas like this, get involved, taking over the small-miner operations by intimidation. Then it becomes violent, and you have pitched battles with

the police on those occasions when the police, or the military, get involved in enforcing the laws.

So, with that kind of environmental damage and violent conflict going on in areas where we wanted to support environmental protection, we in USAID were wondering how to be involved.

We don't do police work and we don't do military operations, but we do support remediation of damaged Amazonian forest. But this was a new kind of damage for us. What degree of remediation is called for? How do you do it? How much mercury is there in the soils? Is it localized or spread around? What kind of plants do you try to put back in the damaged areas? How do you do anything with so much risk of conflict?

I don't know that we even came close to figuring out what to do. But it was such a scandal: videos were being made that were getting a lot of attention in the environmental communities.

Yet another area that we worked on was supporting the management of forest preserves. Peru has a magnificent system of national parks, forest preserves, and indigenous areas. "Protected Natural Areas," I think, is the generic category. Up and down the country, in the forests, in the Andes, on the coast, in the Pacific waters. But they are scandalously underfunded. We're talking about nickels and dimes, the salaries of locally recruited park guards in remote areas. But you just couldn't get money out of the government of Peru for this.

Q: Yeah.

RYAN: There's a lot of international interest, because industry can get credit for reducing greenhouse gas emissions by financing projects that preserve tropical forests.

Q: Uh-huh.

RYAN: You can sell the services of forest protection for millions of dollars on the basis of the price per ton of carbon emissions avoided. There's market in forest protection bonds, which California and Europe among other places, not including Washington DC so much, have been working on for years.

In Peru, the Field Museum of Chicago was engaged in supporting an NGO that manages a big, 1.3-million-hectare national park, the "*Cordillera Azul*," the blue mountain range in the Andes. The work largely had to do with engaging local people who lived around the area. Although hardly anyone lives in the forest itself and the forest is still pretty much intact, nonetheless there's a temptation for the people who live nearby to mine the forest resources in destructive ways. So, the program is to engage the community, get its members to become park guards, and develop non-destructive income sources.

The NGO was having enough success in preserving the national park that it could offer a substantial amount of bonds to the market for carbon emissions avoidance, enough to finance the park's protection adequately and sustainably. But it's a struggle to get the market to invest. USAID's agreement with them was to provide financing that would bridge their budget needs until the carbon market's money started coming in, but we found that they needed extensions from us as they kept trying to close deals.

Let me go back to the bilateral trade agreement and the law enforcement on logging law.

Q: OK.

RYAN: The forestry law that came out of the U.S.-Peru bilateral agreement was a big deal in the bilateral relationship in the USAID program. I've already described how the forestry law-enforcement annex was added to the agreement. It was somehow determined that a new forestry law was needed for this purpose.

Let me say, as an aside, that there is a tendency I've seen in several countries to think that a new law is the solution to everything, sometimes without much clarity about why or what exactly the new law should say.

Anyway, a new law became a bilateral focus. This was a couple years before I arrived, under the government of Alan Garcia.

By the way, you asked earlier about where Peru's economic growth had come from. Part of it was that Peru had graduated from hyperinflationary mismanagement.

Q: Ah, I see, OK.

RYAN: A generation ago, it was the 31-year-old Alan Garcia who, in his first time as Peru's president, had been public enemy number one in terms of macroeconomic mismanagement.

Q: Right. I remember being in university at the time when he was either in power or had just left power, and he was pointed to as one of the examples of what you don't do.

RYAN: Exactly. Of course, Fujimori cleaned everything up, and people hated him for it. Two presidents later, Garcia was in office again. Except that he has turned a corner and has become a center-left president, eager to continue Fujimori's policies.

Q: Uh-huh.

RYAN: Garcia's administration used the president's constitutional power to decree a new forestry law.

Q: In fact, that's what I was just about to ask you. Because if you're going to do a new law, you have a lot of legislators to work through in order to get that law. But in this case,

you're doing it from the executive branch, so you don't really need to go through that whole legislative process.

RYAN: Yes, that was the idea. But the new law ran into problems because of social conflicts.

One of the main characteristics of Peru is that its division between the Ladinos, the mestizos arising from immigrants of all types, and the indigenous, who are largely from the Andes. The indigenous people are in constant conflict with companies and with the government administration at different levels. The administratively issued forestry law got caught up in that conflict.

Q: I see.

RYAN: In 2009, indigenous people were protesting against oil and gas exploration and some were killed in fighting with the military over a road blockade. Then the indigenous people executed some soldiers they had taken prisoner. It was an extremely ugly situation. The forestry law wasn't directly involved, but it dealt with natural resources in rural areas and indigenous political organizations protested that they hadn't been consulted.

This relates to an international agreement put together under the auspices of the International Labor Organization, Convention 169, which says that laws that affect indigenous people need to be the subject of consultations with the indigenous. Usually, this means a second process, separate and additional to the national legal process. The assumption is that the country's political institutions do not represent the indigenous people, so an additional consultation process is needed.

Since the decree-law hadn't followed the ILO 169 process, the government withdrew the law and undertook extensive consultations with indigenous organizations (among others) to get a replacement law through the legislature.

Q: OK.

RYAN: That law was passed in 2011 before I arrived. USAID had spent two years of intensive effort supporting the consultation process.

Q: Yeah.

RYAN: Actually, my colleague who met me at the airport, the Foreign Service Officer who had studied here in Indiana, Martin McLaughlin, got a huge amount of credit for his role in supporting the process. Evidently, he attended countless consultation meetings between indigenous groups and government people, including the governors of the four Amazon regions -- the ones who form the council, CIAM. He also accompanied those four governors in a month-long visit to the United States under U.S. Forest Service

auspices to get briefings on forest management. He must have done a very good job, and he made quite a name for himself within the embassy and USAID community.

His background was not forestry, but it included -- besides the public-policy master's degree from Indiana -- years of experience as a third-grade teacher in U.S. schools.

Q: Oh interesting.

RYAN: It seems to me that shows that he had, in addition to the IQ, the EQ skills -- Emotional Quotient -- to succeed in an intensively interpersonal task.

Q: Wow.

RYAN: As a sidelight, I'll mention that, as his time in Peru was coming to an end and he was bidding on his next post, he and his Bolivian wife both thought that everything was in place for an assignment to Bolivia, which they were very much looking forward to. But, of all places, they got assigned to Kinshasa.

Q: [Laughing]

RYAN: OK, so you laugh, but they were a little shocked, actually.

Q: I imagine.

RYAN: And they have small children. So it was handy that I was able to pull up the city on Google Maps and tell them everything about where they'd be living, what the school was like, and kind of hold their hands a bit. He did do his Kinshasa assignment and then went on to Ethiopia. While he was in Addis, he spoke to one of my classes here at IU via Skype.

Back in Peru, as time went along during my tour there, we continued the process of building more businesslike relationships with indigenous organizations.

With respect to forestry again, the new law was passed in 2011 and the next task was getting implementing regulations written and approved. That involved another major drafting process, with many technical working groups over a long period of time, and a substantial public comment process, using social media among other means. USAID's technical assistance resources were drawn on intensively, although the work really was done by Peruvians.

Under Peruvian law, the implementing regulations should have been put in place within twelve months of the law's signature. But three years later when I left post they were still working on it. ILO 169 was a factor in the process.

Q: Uh-huh.

RYAN: But in the meantime, we at USAID were also working hard, through technical assistance provided by the U.S. Forest Service and “Peru Bosques,” on enforcement of existing regulations.

USTR had oversight over the process, as it was the most sensitive point in the bilateral commercial agreement. They, USTR, led many bilateral consultations, which were sensitive to USAID because they could and did mean that the USG might make new commitments, which -- as a practical matter -- only USAID could fulfill.

The funny thing is, I don’t think the U.S. did a very good job of evaluating the old or new forestry laws. On the contrary, a very persuasive analysis was done in 2013 by the Government of Peru’s former chief forester from the 1970s, a Mr. Dourojeanni, showing that the 2011 law was very little changed in essentials from the previous laws, which, evidently, had failed.

He argued that it doesn’t make sense to try to implement a law when 90% of the logging that’s going on is illegal. In a situation like that, structural change is needed, and he had some specific ideas about changes in the legal structure that were going to be needed if anything was ever really going to get done. Based in part on experiences in other countries, where he had worked and which (like Peru) had faced major challenges but which (unlike Peru) had made real changes that improved forestry management.

Q: OK.

RYAN: So, it was a frustration of mine that, on the U.S. side, we had the USTR’s lawyers in charge. I was quite impressed that they were excellent professionals. They knew the agreement’s issues backwards and forwards, and they knew where all the bodies were buried, going back to the beginning of the negotiations of the bilateral trade agreement.

But our, the USG’s, attitude was “the law’s the law,” and the whole task was enforcement. We made no effort that I was aware of to evaluate whether the new forestry law made sense and whether it even could “work.”

USAID’s forestry assistance in Peru, by the way, went back to the 1980s. USTR’s documentation on the forestry aspects of the trade agreement ignored that and implicitly stated that forestry cooperation only started with the bilateral commercial agreement. Leaving aside rivalry between agencies, it seemed to me a clue about how the USG approached the subject.

Q: Un-huh.

RYAN: In sum, I was concerned that we weren’t being realistic in our approach. Not that realism was going to produce an easy solution, but at least it wouldn’t be just spinning wheels for the nth time. The 2011 forestry law turns out to be, I think, the sixth major reform.

Q: Wow.

RYAN: One thing we have to be aware of is the main volume of forest loss is due to the clearing of land for new farms by poor people coming from the Andes.

Q: Sure.

RYAN: It's not the logging industry.

Q: Uh-huh.

RYAN: Logging may target some of the endangered hardwood species, especially the big individual trees. There are not many of those left in the forest, so you have to take special care of those, and that's what CITES and our bilateral agreement are about.

But in terms of changing the forest, while the forest is degraded by taking out specific species (given the interactions between species), a separate and arguably bigger danger is simply clearing the forest, which farmers will do.

Q: Yeah.

RYAN: I mean, it's like Indiana. Indiana, before the white man came, was apparently about 83% forested. Then folks like Tom Lincoln and his son came and cut down the trees.

Q: Right.

RYAN: The Indiana state seal -- look it up -- shows a man with an axe chopping a tree down, and a bison fleeing to the west.

Q: Interesting.

RYAN: Southern Indiana used to be the path that countless bison used for thousands of years to go between the grasslands of eastern Kentucky and southern Illinois. The bison moved west with the Native Americans.

But bison don't cut down trees, farmers do.

Q: Yes.

RYAN: And that's what was going on in the Peruvian Amazon, although plantations, oil palm in particular, and the alluvial gold mining that I talked about before, were becoming more important factors as well.

Q: OK.

RYAN: Peru is unlike Brazil, where large scale soy and oil palm and cattle raising cleared forests. In Brazil, you can take things downstream to the Atlantic. In Peru, you've got the mountains, which protect the forests because it's hard to get product anywhere -- unless of course you go through Brazil. In the case of gold, sure, a little sack of gold is a fortune. But getting other, bulkier stuff out is a bigger issue.

I should mention, however, that a transcontinental road -- an Atlantic to Pacific road between Brazil and Peru -- finally opened when the last bridges put in place around 2013. The development along that road in Madre de Dios in southeastern Peru was another potential source of forest loss.

Back to the U.S. Government's approach, however, USTR staff were continually engaged in oversight of how the Peruvian forest authorities were doing their job. There were regular bilateral conferences with USTR staff, going over rather detailed questions about how the Peruvians were dealing with logging concessions, and particularly with the owners of concessions that were not following their agreements.

This follow-up was intensified due to the work of a U.S. NGO called the Environmental Investigation Agency. This NGO, the EIA, demonstrated through difficult field work in remote areas that logs being transported to market had not come from the concessions where their documents said they had been harvested.

Q: Wow.

RYAN: The NGO used a report on this to publicize the counterfeiting of documents and that logs of species on the CITES schedules were going into international trade, including to the United States, beyond what was permitted.

The NGO's field work extended work that Peruvian agencies were doing and took it out to where the local agencies ought to have gone. Its conclusions verified conclusions the Peruvian agencies had reached and supplemented them. But importantly, it did this from the U.S. side.

The U.S.-Peru agreement gives each side, and specifically "persons" from each side, the right to seek redress when environmental and particularly forest laws are not being enforced. So the NGO wrote to USTR directly, as the agreement allowed, to ask that the USG take action with the Peruvian side on this. And as a result, the rhythm of the U.S. engagement was accelerated by the U.S. environmental movement's engagement -- which, to remind, was what got the forestry law-enforcement annex added to the agreement in the first place.

Q: Right.

The Transition Out of the Foreign Service and Back to the States

RYAN: I think I've touched on the main issues of interest in my work in Peru. Maybe I should turn to our next transition.

Our whole time in Peru was colored by the fact that we were about to retire. We had wondered from time to time, over the years, whether I should retire from the Foreign Service early. USAID staff like me frequently leave to work on USAID project implementation teams as employees of contract firms or NGO grantees.

I could also have applied for an extension of my Foreign Service time past my 65th birthday, particularly given that I still had time on my TIC -- Time in Class -- thanks to the extensions granted as a result of my working in Pakistan, a Critical Priority Country.

Paulette's and my decision to continue through my mandatory retirement age (but not past) reflected that we were happy working in USAID, as well as that we looked forward to living back in the States.

It wasn't until after we arrived in Lima, spurred in part by how unhappy we were in the house we were initially assigned, that we finally bit the bullet and decided that Bloomington, Indiana would be where we would retire to. We started making more concrete plans, and went to Bloomington on our home leave in 2012 to start setting ourselves up.

We arrived in Bloomington on a Saturday evening and stayed with my aunt as usual. We had been looking at houses online and had a list to visit with a realtor. By Tuesday evening, we had an offer accepted on a house that we really liked. (We rented the house out for most of the time before we actually retired.) I also got myself practically lined up with a relationship, details to be worked out, with IU's public policy school (SPEA). So, we got all that done very promptly and continued on our Home Leave to visit my family on the West Coast.

SPEA ended up getting in touch with me via email in 2014 while Paulette and I were going over the so-called pass on the road from Arequipa to the Colca Canyon ("so-called" because it's at 4,900m, or about 16,000 feet). A professor was going to be on leave, so they wanted me to teach two courses starting only days after we were scheduled to leave Peru. Given that my lecture notes were over thirty years old by then and that I would have other things to do on arrival, I begged off for one semester (but have been teaching since).

One concluding detail I learned is that one retires at the Foreign Service's mandatory retirement age, not on your birthday exactly, but on the last day of your birth month, so that the monthly retirement benefit will start without a break following your in-service pay. So July 31, 2014 was our date.

When the time came, we had a very simple retirement ceremony at post in Lima. Apparently, not too many people retire from a field post.

Q: Right.

RYAN: It's much more common to be in Washington, and if you're in Washington you get something like a two-month retirement "training" period, where you essentially stop working. But I didn't get that.

The ceremony at USAID's offices was for me, but I made a point of explaining during the ceremony that Paulette had also finally applied for her retirement benefits from the State Department and that we were both retiring together. I gave the group a quick description of Paulette's career -- from FSI in Washington through Kinshasa, Francophone Africa, and Islamabad -- which they really appreciated.

On July 31 precisely, we flew overnight from Lima, through Houston, to Indianapolis, arriving in the States on August 1. But a curious thing happened: two of our dogs got held in Houston because of some medical concern, and they couldn't be released in time for our onward flight because the vet had gone home for the night.

Q: Holy cow.

RYAN: Yes. So we had to decide what to do. First, we were concerned that there really might be a medical problem (although we doubted it), but secondly, we had a third dog with us, a little female who was travelling in the passenger cabin, and we were standing in front of the boarding door for our onward flight. We decided to continue on to Bloomington.

We had some cellphones pre-positioned to pick up at my aunt's place, and, after overnighing in a Bloomington motel for simplicity's sake, I was able to follow up on the phone with Continental. Thank goodness it turned out that the first thing that morning the vet cleared our dog. Continental brought both dogs on to Indianapolis, where we picked them up at the airport and brought them to Bloomington to join the third one in a kennel we had arranged.

After driving by our house in Bloomington, just to look at it, we turned around to go to the airport for a flight to Boston, where we were getting together with some friends for a week's stay in New Hampshire.

After relaxing in New Hampshire, we returned to Bloomington for good. I got the car that I had already bought and that was waiting on the dealer's lot, and a little furniture. We finally slept for the first time in a home of our own, back in the United States, on August 8, 2014. About a month short of 65 years from the day my parents took me from Bloomington to Columbus, Indiana as an infant. A long round-trip.

Q: Wow.

RYAN: Thus endeth the Foreign Service story.

Q: All right. Well let's pause here and then what we can do with the last call is some reflections and considerations looking back on the whole career.

Retrospective

Q: OK, today is July 19, 2017, and we are in our final interview with Joe Ryan looking back on his career now.

RYAN: As a preview, I've come up with five things that I think my career sheds light on. I'll quickly list them first.

1. The role of field missions.
2. The roles of technical assistance and financial assistance.
3. USAID's role in economic policies in developing countries.
4. Relations between the State Department and USAID.
5. And finally, the importance of developing countries' universities.

Q: OK.

1. The role of field missions.

RYAN: So the first thing, the role of field missions. You wouldn't think there would be that much controversy about this because it's always held up as one of USAID's strong points. It's hard to assist people very well if you never see them. And it's true I think, that you learn from local context outside the pre-planned meetings.

For example, in Peru, I don't think it would have been very easy for the people in Washington to run across the Peruvian forestry chief from the 1970s and get his insights about whether the new forestry law was adequate or not.

Q: Right.

RYAN: And then secondly, the interactions with USAID staff, the FSNs (Foreign Service Nationals) in country, are something that I think would be hard to manage without having FSOs residing in a field mission.

I think those are fairly well digested points in favor of field missions. And of course, once I left Washington, I had thirty consecutive years in missions. Like many people, I was not very tempted to go back to Washington. Except in my case, where that War College assignment in 2008 would have been an interesting bridge to a post-Foreign Service career.

Q: Yeah.

RYAN: But there is an aspect that I think people may not appreciate, and that's the difference between a country program and a collection of sector programs, "sector" meaning a type of good or service.

Q: Yeah.

RYAN: A country program is built around a geographic organization: country missions, country desk officers, and regional bureaus. While if sectors were really the leading concept, then sectoral, technical bureaus would have the lead.

Q: Right.

RYAN: In the good old days, the 1930s through the 1950s, this was debated within the U.S. Government. What you had originally was various USG agencies sending experts as requests came in from foreign governments, mainly from Latin America, but without those agencies being oriented to any particular country. It's like the U.S. Forest Service is today, for example.

Q: Uh-huh.

RYAN: Subsequently, we went through a long transition in the 40s, 50s, and 60s, resulting in the institution that is USAID, which -- instead of responding to episodic requests -- pre-programs assistance jointly with the recipients, by being co-located with local people in their countries. This was so assistance could be related more strategically to the countries' issues.

That doesn't mean that you sideline unplanned requests for assistance. Hardly. But by planning you get more information and hopefully do a better job of understanding what's needed. Assistance will probably draw on a sector specialist, but it may also work on external constraints that are outside that specialization.

Q: Uh-huh.

RYAN: If you fast forward from the 1940s to now, or even to twenty years ago, "everyone" these days knows best practice. The people you go out to assist have PhDs from Purdue, like my counterpart in Pakistan. So you can't assume that the problems are due to them not knowing what to do. They are more likely to stem from local constraints that are not strictly sectoral.

Q: Uh-huh.

RYAN: Field-based technical assistance staff have the opportunity to learn why best practice hasn't been adopted, which a consultant managed by a sectoral technical bureau may not be able to get to the bottom of it, despite having high sectoral expertise.

Q: Yeah. OK.

RYAN: This doesn't mean that you don't provide technical specialists. But you don't necessarily start from technical solution. You may start from the institutional setup, and capacity problems.

There are some cases, like vaccines, that are technically determined and may nearly be in-and-out, one-and-done activities.

Q: Right.

RYAN: But generally speaking, that's not the way the world works. It's more common that the problem you solve today is going to reoccur. Roads crumble, you know.

Q: Sure.

RYAN: Pests mutate. So, the country needs a constant capacity to deal with challenges. And building capacity is where knowing local institutional constraints is really vital.

USAID's evolution towards country programming apparently resulted, however, in "technical" staff feeling that they had been sidelined. There was a lot of debate, going through the 1980s, about whether the technical bureaus' role in the Agency had been unduly diminished.

Q: Uh-huh.

RYAN: But notice that when you do establish field missions, where is the main staffing? It's in technical offices. So it's not as if you're throwing away the technical stuff, it's just that you're applying it from each given country's point of view.

Field missions are critical for that. And by the way, the World Bank, the UN (United Nations), and the IMF (International Monetary Fund) have all moved somewhat, or in the UN's case, have tried to move to more country-oriented abilities as opposed to centrally housed technical ability. The UN has struggled with this a lot because the separate UN technical agencies are so well established.

Q: Right.

RYAN: The UN had established its Enhanced Program for Technical Assistance in the 1950s, which evolved into the UNDP (United Nations Development Programme) in 1956. But it didn't really control all the assets of UN system, even setting aside the Bretton Woods organizations. The FAO (the Food and Agriculture Organization), the WHO (the World Health Organization), ILO (the International Labour Organization), and so on, were operating independently, and that's still pretty much the case.

I don't know if you've ever heard of it, but there was a "capacity study" for UN development support, written in 1969 by Jackson and Anstee, that said essentially, "We're not doing a very good job with technical assistance." Their proposition was that the UN should have a more unified, country-oriented program, as opposed to individual technical agency programs. That study was not well received, and forty years later, when I was in Islamabad in 2009, the debate continued, in the context of the "One UN" effort.

The World Bank has clearly given more authority to its country offices over time, and even the IMF has established regional technical assistance centers. In fact, I thought it was amusing, when I was in Egypt, that the IMF established its Middle East Technical Assistance Center, METAC, in Beirut at the same time the USAID was pulling out of Beirut for security reasons.

So anyway, that's the first thing, the thing about field missions.

2. Technical assistance and financial assistance

On the relative roles of technical and financial assistance, I'm tempted to say technical assistance "versus" financial assistance, but that exaggerates.

Nonetheless, I think the distinction is pretty important and that, when the two are confused with each other, the confusion gets in the way of good programming.

All assistance costs money, so technical assistance needs financing. But sometimes people talk as if all foreign aid were what I'm calling financial assistance. On the contrary, however, financial assistance -- budget support to ongoing programs of existing agencies -- is a particular kind of assistance.

Financial assistance for U.S. geopolitical allies is frequently appropriated, when the recipients are low-income countries, requiring that the funds should be used for development to the maximum extent possible. This often means that they are used to finance technical assistance.

Also, from the beginning it has been clear that even small-budget, technical-assistance agencies need to be able to support capital expenditures as part of institution-building projects -- for physical facilities, for example. However, those capital expenditures are relatively small amounts compared to the kind of money you shower on a country when it's in the middle of a balance of payments crisis, and it's only provided in support of technical improvements.

Hopefully, these points illustrate technical and financial assistance are different, and complementary.

Q: Uh-huh.

RYAN: As I recounted about my 2008-2011 assignment in Pakistan, the Executive Director of the Higher Education Commission in Pakistan didn't have the authority to use his budgets to hire the kind of technical assistance staff that were doing a great job for the university chiefs and the heads of the universities. And similarly in Egypt, the system didn't allow the Finance Minister to bring on board the change managers, his lieutenants, that he wanted. So, USAID filled those needs.

The point is that the limitations that are weighing on development activities are not just lack of money or of technical knowledge, they're also policies and procedures.

Q: Right.

RYAN: You need to listen to your counterpart to figure out what's needed. Being there in a field mission providing technical assistance is about shaping a package of assistance that works for the people that you're trying to assist. It all costs money, but cash drops are generally not the right form in which to deliver it.

3. USAID's role in economic policies in developing countries

USAID's role in economic policy, policy reform, and governance was the subject of an interesting study by Michael Pillsbury back in the early 1990s. It's kind of an underground classic. Pillsbury tried to make it exciting by calling it the U.S. Government's "secret" program -- something that was only revealed by inside access to documents and so forth.

But what he was talking about was basically my whole USAID career. It's "secret" because USAID and the USG in general portray U.S. assistance to low-income countries, when speaking to the public, almost entirely through the lens of schools for children, vaccinations, food for children, seeds for small farmers, and microfinance for small business.

It's the poorest of the poor, or generally things where the human element of the assistance can be put front and center. The assumption is that the public can understand that and support it with minimal controversy.

Q: Right.

RYAN: I suppose the decision-makers probably are right about their approach to public information. Maybe it's not a good idea to specifically call a lot of public attention to aspects of the assistance that are so distant from the experience of most people that it would take a lot of explaining.

A large part of my career has had to do with making it credible that USAID assistance on economic policy and economic management really contributes to development in low-income countries. That was true starting in the Policy Bureau, PPC, back in the early

1980s where the question was, “Is economics a threat to the Basic Human Needs program?”

Q: Uh-huh.

RYAN: And then in Zaire, was economic policy reform a threat to our geopolitical relationship with Mobutu?

In both of those cases, people got used to the idea that, no, actually cooperation on economic policy can contribute to everyone’s goals. By the end of my time in Zaire, we were doing things, with everybody’s cooperation, that would have gotten us thrown out of the country by the ambassador if we had been doing them in the first year I was there.

And also, in Washington in the early 1980s, I think that over a period of time it became a common understanding that price controls would choke off the supply chains of critical inputs, so you had to take care with pricing policy.

Q: Now speaking of economic policy, over the time you were in USAID, did USAID’s approach to economic policy assistance change? And if so, how?

RYAN: Yes, it did change, and that affected my career. It was due in large part to agreement that economic management was acutely problematic in the debt crises in the early 1980s. People decided, okay, economic management matters.

At that point, we USAID economists moved into a new mode where our task shifted from persuasion and negotiation to implementation of programs that built good policy and management into developing-country institutions. My career spanned those two phases, with the dividing line between them falling somewhere in the early 1990s.

Q: I also wonder, was USAID economic-assistance policy influenced by globally trending notions such as “dependencia”? You know, the old, exploitative view of economics where the West simply goes in, removes all the natural resources of value, and so on. You know what I mean.

RYAN: A lot has been learned about those views, and in the end, I think they passed away without creating enduring paradigms for development assistance. In the process, different views confronted one another in both the “micro” and “macro” arenas.

On the micro side, I mentioned in the context of Nicaragua and other places, new-model microfinance.

Q: Right.

RYAN: New-model microfinance emerged from a situation where we had to admit we’d been doing it wrong. The landscape was littered with failed projects from the 1970s, and there was a lot of concern and thinking about that. In the 1970s before I arrived, USAID

conducted “spring reviews” of agricultural credit, where people grappled with the issues of credit for small producers and with how difficult these programs were.

It was the economists, who appreciated the logic of firms and markets, who figured out the small-producer credit issue. Essentially, small-scale finance had to obey the rules of financial institutions, with procedures adapted to their market niches, while poverty relief had to be provided in non-commercial form.

So on the one hand, new-model microfinance was developed on a commercially sustainable basis, and on the other hand, the conditional cash transfer model -- non-reimbursable, poverty-targeted family cash transfers -- has been widely adopted. A combination of heartless small-producer finance and give-away welfare programs. Far from *dependencia* thinking.

Q: Uh-huh.

RYAN: On the macro side, engagement with the world economy, versus trying to hide from it, has clearly carried the day. There was no real argument on that after the mid-60s. And countries definitely did move away from that, more or less consistently, as they tried to emulate the success of some of the early adopters, the Asian Tigers in particular.

Q: Speaking of which, was Pakistan able to continue its effort to create that very low-level safety net for the truly poor?

RYAN: Yes, they have managed to continue financing it. Just a couple weeks ago I was looking at the latest IMF Article IV report, and the news seems to be okay on that front.

Q: OK.

RYAN: So what else have we really learned that is new? In the 1950s, there was a boomlet of thinking, both academic and official, that there were simply financial gaps, which, if filled, would fuel take-off in developing countries.

Q: A-ha, OK.

RYAN: These theories were both responsive to countries wanting more financial assistance, and to economists who studied highly aggregative Harrod-Domar growth models.

Developing countries couldn't get international bank loans in that era. The private sector was not going to finance public services and economic infrastructure in those countries. So if there was a financial gap, it had to be met through official development assistance.

What has happened since then is two things. Starting with the recycling of the petrodollars in the 1970s, and with the end of fixed exchange rates and the Bretton Woods arrangements, also in the 1970s, private international lending grew very rapidly. So

official financial assistance for developing-country budgets is now laughably small compared to the amount of commercial lending, which is exactly the opposite of the 1950s.

Q: Ah.

RYAN: So that's with respect to one leg of the two-legged stool of the 1950s. The other leg, the concept that filling the investment gap was the key to accelerating growth, had already exploded in the mid-1950s thanks to a famous paper by Robert Solow. He showed that, due to decreasing marginal returns, higher savings rate (filling the "savings gap") doesn't logically raise the long-term growth rate. It temporarily increases the growth rate and puts you on a higher output path, but that higher path has the same rate of growth as the path you were already on.

Since a difference in the rate of growth quickly overwhelms any absolute difference in output levels, and since the developing countries had so far to go to catch up, jumping to a slightly higher output path wasn't interesting if the growth rate wasn't going to rise more than temporarily.

And then Solow started looking at where growth actually came from. He looked at the volume of factors available and at how output evolved, and the result was that most of the change in the output wasn't accounted for by the increase in volume production factors, even including considerations like years of schooling among production factors.

Rather, the bulk of output growth was unaccounted for -- the "residual" in the statistical relationship between output and measured factor inputs.

Q: Oh, interesting.

RYAN: The unexplained residual is just pure productivity change, given volumes of factors. So the focus of study moved from investment (growth in the volume of factors of production) and towards productivity, now called Total Factor Productivity, TFP.

Q: Uh-huh.

RYAN: As a result, thinking and experience, particularly in India's case concerning financing of their five-year plan in the 50s and 60s, rejected the conclusion that financing itself could lead to development. The keys instead were productivity growth and market opportunities, which would draw in capital and put it to use in a way where productivity would rise. Throwing capital at unchanged technical abilities and unchanged business opportunities would only squeeze productivity down.

Q: Yeah.

RYAN: So that's been a big intellectual change. Hardly anybody thinks about what volume of donor financing is needed to achieve a growth target for Pakistan. Everyone

figures that if management and technical productivity advance, commercial interests will make the necessary financing and inputs available.

Electricity in Pakistan is a good case. Why don't they have electricity? It's a question of management.

Q: Ah.

RYAN: Take once again the Guddu state-of-the-art, combined-cycle power plant that USAID built in the 1980s. By the time when we came back with big budgets in 2009, Richard Holbrooke was proud to be rehabilitating it. Well, that's not something to be proud of, folks. It shouldn't have been necessary.

Q: OK.

RYAN: In a way we are still concerned about the volume of external financing, but now mainly about its instability: excessive inflows followed by excessive outflows. How do you calm down the commercial banking sector?

This is maybe a footnote, but do you want to guess what the daily trading volume in foreign exchange is? The Bank for International Settlements has occasional reports on this, I think every three years.

Q: Every business day, I guess I would say, 10 billion?

RYAN: About 4 trillion dollars.

Q: A day?

RYAN: Daily.

Q: Holy cow! Wow, that is remarkable.

RYAN: Exactly. Your guess of 10 billion dollars is pretty close to what average daily imports are globally. I don't know how you did that!

But the financial side of the house is just, you know, wow. So its stability is vital -- avoiding excessive swings.

Q: OK.

RYAN: What else has changed in economics over this period? We may have touched on the main things. Why don't I go on to the relationship between the State Department and USAID?

Q: Great.

4. Relations between the State Department and USAID

RYAN: I think in my experience, the notion that they work better separately has been vindicated. Having USAID even co-located directly in the chancery complex has been a burden. There's just more meetings.

Q: Yeah.

RYAN: More layers of oversight. It becomes a bit top-heavy.

Admittedly, there's a bias in the sample. You have closer engagement by the State Department in USAID's work in a crisis-type of situation where geopolitical issues are relatively dominant anyway. In those cases, State Department really needs to be on top of the U.S. response.

It's in the "normal" development context that the centralization that's more characteristic of the State Department creates a bandwidth issue when State engages in USAID's work.

In Pakistan during my 2008-2011 tour, the "AfPak" (Afghanistan-Pakistan) concept accorded to Pakistan the emergency treatment that properly applied to Afghanistan, but without the internal emergency in Pakistan's case. As a result, the range of things that USAID could have done was more than the centralized system of State could deal with. Naturally, the response was to simplify by limiting activity to all but a small number of sectors -- three, as it turned out.

In reality, of course, we did more. But the overhead and delay affected everything. (In Afghanistan, I gather from my distant perspective that it was the other way around: State and the U.S. military drove USAID to engage in more things than it would realistically have considered feasible, not less.)

Q: Uh-huh.

RYAN: State's centralized system is great for representing the U.S. interests. But when you get into the assistance game, where it's really the needs of the other guy that you're trying to understand, then it doesn't work so well.

Q: Yup, yup.

RYAN: And I guess I would say that, to me, it doesn't seem to be that vital that USAID be a cabinet-level agency. I think it's kind of looking for trouble really. I would rather have an intelligent, constructive Secretary of State provide the foreign-policy cover, and let USAID work within that, as opposed to appearing to be State's rival in Washington.

As regards USAID's Washington functions, however, they do need to demonstrate that they are exercising control, getting good reporting on results, and making sure that work

is being done to an acceptable quality. For that, you need to have a big enough staff -- I don't think computers are going to solve it.

And unfortunately, it seems to me that one thing that we lost over the period of time that I was with USAID, was Washington's ability to stay well informed about country programs. That change was made knowingly: in response to the staff cuts imposed on the agency, management chose to give priority to preserving the field presence, slimming down in Washington instead. But that was not costless. It has created a sense that USAID's reporting isn't up to snuff.

You remember when I came into the agency, all concept papers came to Washington for review. And the policy bureau, including people like me, weighed in on project-level issues.

Q: Uh-huh.

RYAN: That was worldwide. So there was a lot of interchange, and at the Washington level you could be really confident that you were on top of everything.

Q: Uh-huh.

RYAN: But I don't think we have the numbers for Washington to play that role anymore, the way it was in 1981.

So perhaps USAID's hollowing out in Washington might have played a role in the State Department-USAID relationship, effectively inviting a larger role for State.

Q: Uh-huh.

5. The importance of developing countries' universities

RYAN: OK, the last thing I wanted to say is that I became more and more impressed in my last three or four postings about the usefulness of getting the developing countries' universities engaged in quality professional education.

The counterparts that we depended on to make things happen were all highly skilled people, and they had built their skills on a base of their professional education. If you go to the websites of NGOs working with the poorest of the poor, and look to see who they hire locally, you'll find people who have master's degrees.

Q: Uh-huh.

RYAN: The successful programs are going to be programs where you're assisting leaders who know it as well as you do, or better, and who can use USAID's assistance to transform their institutions.

If you don't have those leaders, what do you do? Do you give up and go home?

I think the record shows that we've had great success developing future leaders through building professional education institutions. Especially to what I call the "professional education" parts of higher education: nursing, public administration, business, medicine, law, engineering, agriculture, etc., etc. You know, the IITs (Indian Institutes of Technology) and that kind of thing.

The bulk of USAID's successes date from the mid-1950s through the early 1970s, so they're somewhat forgotten now. But the institutions have survived and, more than that, they have become centers of excellence in their own national systems. I think the development efforts of today are heavily dependent on those earlier investments.

There's still a huge amount that we could be doing. The U.S. university system is readier to partner than ever, although physical security is an issue. It's hard for me to talk to people in Indiana University about partnerships in Pakistan, for example.

Nonetheless, it would be pretty easy to pick up and run with this line of assistance. I think I showed that with the initiatives in Egypt (the LL.M.) and in Pakistan (the Centers for Advanced Study).

Unfortunately, we're not pursuing it systematically. The problem seems to be that it doesn't have the level of support from the foreign policy establishment that it deserves. It wouldn't take much for that to change, and I keep probing to see how I can encourage it.

Training for USAID Staff

Q: Now also as you're looking back, can you reflect on how training in USAID changed, or how it needs to change?

RYAN: Good question. I know that for people who came into the agency before I did, in the 60s and 70s, it was reasonably common for USAID to provide an opportunity for a master's degree at Williams College, or SAIS, or the Kennedy School. That ended a long time ago.

Q: Yeah.

RYAN: Of course, in my own case, I was hired as "an expert" and I had spent plenty of time in school already. But what's called training these days, a lot of it is driven by USAID's internal, legal requirements, rather than by true professional development needs.

Q: Oh.

RYAN: There is certainly useful information in the training programs about things like USAID's reporting requirements. But it tends to be rather repetitive and there's relatively

little training like “area studies,” which would expand awareness and knowledge about things outside USAID’s doors, or technical studies, which would broaden knowledge of ecology, epidemiology, economics, etc.

I don’t know if I would call missions “anti-intellectual,” but they don’t seem to spend much time learning about the world around them. For example, I haven’t seen in any mission such a thing as a speaker series, where experts from local institutions would tell you about their sectors.

I think this is one area where we probably do outsource too much. What a USAID mission will do is to hire a firm to put together a team to do a sector study. And that’s fine, I’m not saying you shouldn’t do that, but at the same time I think there is too much risk that a contractor’s report, however professional, will go on the shelf and the only person who will read it is the person who has to tell the financial management office to pay the voucher. But, on the contrary, you need to build that knowledge into mission staff if you’re going to make USAID truly a learning organization, as we like to say. You can’t contract that out.

Q: Uh-huh.

RYAN: So, there could be ways of training staff better. They may not even look like “training” or involve sending staff to Johns Hopkins for degrees.

But think of the military. I mean, those guys train constantly, right?

Q: Right, yes.

RYAN: And we try to give them as much leisure as we can, given that their work (combat) is a last resort. But when they don’t have to go to work, then they train.

By the way, the only higher-education institutions that the U.S. Government runs are for the military. Jefferson and some like-minded people wanted the Constitution to authorize a university, but he had to settle for founding the University of Virginia afterwards.

Q: Right.

RYAN: One issue for USAID’s training is, can you spare the people? For the training that’s officially required, USAID literally doesn’t count the cost. A course “costs” \$10,000 because that’s the payment made to the contractor who organizes it. It’s never considered that the cost of the time for USAID’s staff who attend it is five times that amount. As if staff time were free -- no opportunity cost or financial cost. Obviously, that’s the opposite of the truth.

So when you consider training, it comes back to another point, which is that you have to have adequate staff numbers. The concept of the “Development Leadership” program, to

re-build a USAID Foreign Service cadre that had shrunk to half its former size, was essential, and probably not even enough.

A Good Career for Me?

Q: OK. Do you have any other final thoughts or reflections you'd like to share? I take it that it was a good career for you.

RYAN: The answer to that in my case is clearly, "Yes," because I had a straight-up choice between going back to the Loyola University in Chicago or staying with USAID.

By coincidence, I had a chance to reflect on this choice early on. Within the first year that I was in Washington, one of my colleagues from Northwestern came to American University in Washington to give a talk. By that time, I had had enough experience in the agency to appreciate its role. When I looked at my Northwestern colleague giving this exceedingly competent and learned talk, I thought to myself, "Boy, all those brains and all that energy would be much better spent in USAID than back at Northwestern."

Q: Uh-huh.

RYAN: And so, as pro-university as I am, I think that greater engagement with USAID would increase the productivity of people in the universities.

It's a great career if you can manage the Foreign Service life. But there are things you give up, and people ask, "Does it have to be a whole career? Is there some way to have engagement that is substantive and the length of the career without being the whole of the career?" In other words, where you can have a foot in each camp? I guess there's still no standard arrangement that supports a person in doing that.

I came to USAID under an IPA, so that was one model. But it doesn't seem to be used anymore, so maybe we need to establish a new model.

It might be good to look at mechanisms where a USAID FSO could be associated with a professional organization in the States, and where professors and other professionals could have long-term but part-time engagement with USAID. I think that would be great in terms of spreading the benefits of the Foreign Service career that I had to more people.

Q: OK, yes, I certainly see that. Joe, that ends the questions that I have for you. I want to thank you, both on behalf of ADST, and USAID. Because both of us benefit from your story, from your narrative.

RYAN: You're very welcome. This was a wonderful opportunity for me to review and benefit from experiences that might otherwise have slipped away forgotten. Thanks!

End of interview