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REUBEN “RAY” STERNFELD

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KEY WORDS

Administrator Labouisse
Administrator Hamilton
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Bolivia

Brazil
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Colombia
Country take off concept
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Development Loan Fund
Economic Cooperation Agency (ECA)
Ecuador
Export Import Bank
Foreign Operations Administration (FOA)
Guatemala
institutional development
Inter American Development Bank
International Cooperation Agency (ICA)
Kennedy Task Force on AID
Korea
Latin American Bureau (USAID)
Less Development Countries
Marshall Plan
military assistance
Multilateral Banks
Mutual Security Program (MSA)
National Advisory Council (NAC)
Peace Corp
President Truman Administration
President Eisenhower Administration
President Kennedy Administration
President Johnson Administration
President Nixon Administration
President Reagan Administration
servicios
State Department
Taiwan
Technical Cooperation Agency (TCA)
training
Treasury Department
USAID field missions

INTERVIEW

Q: Today is February 2, 1999. The interview is with Reuben Sternfeld. Could you give us a thumbnail sketch of your association with foreign assistance, the AID [Agency for International Development], before we go into your early history?

Overview of career in foreign assistance

STERNFELD: My association with foreign assistance and AID goes back to the first job I had with the government when I was with the International Division of the Bureau of the Budget. That division covered the budget, legislation, and management for the then ECA [Economic Cooperation Agency], the Marshall Plan. And I guess everything led from there. I worked on a couple of the Presidential Foreign Assistance Commissions from the Rockefeller to the Kennedy Task Force and the Nixon administration. I was in the State Department Mutual Security Coordinator's Office when Jack Bell ran the office that was under Under Secretary Dillon. AID was established as a result of the Kennedy Task Force. When AID finally got set up, they merged us, and I went into the Latin American Bureau and stayed on Latin American affairs to the day I retired from the IDB.

Q: And then on to the Inter -American Development Bank (IDB)?

STERNFELD: Then on to the IDB as their full time board member, as the alternate director, because the director was a part timer who first was an Assistant Secretary of the Treasury and second was a part timer from Texas, who was a friend of President Lyndon Johnson. And then, I went to the White House Council on International Economic Policy as Assistant Director, LDCs [less developed countries]. And then I went back as the Executive Vice President of the Inter-American Development Bank.

Q: Okay. That gives us a good sketch. Let's go back to where you are from, where you grew up, where you went to school, what kind of education did you get. And what was in that experience that led you into work in the international field?

Early years and education

STERNFELD: I was born in New York, but grew up in Baltimore. I started at the University of Maryland, but I went into the Army in World War II, in Europe, at the end of my second year.

Q: What was your major in the University of Maryland?

STERNFELD: At the University of Maryland, I majored in political science and economics. It was interrupted by going into the Army and serving in Europe - Czechoslovakia, France, Germany, and Austria. I served with the 26th Infantry Division which was the Massachusetts National Guard. When I came back, I tried to go to the George Washington University [GW], but decided I didn't like it after one day. I went back to the University of Maryland and got my degree there. Then I got a fellowship to the University of Michigan where I was a Metropolitan Community Fellow and was going to work on local government matters. The Public Administration Program that Michigan had was considered pretty good. Very good I thought. So my training was more towards local government, not international. Before I was able to finish my masters degree at Michigan, a job came along at the Bureau of the Budget which I felt was the cream of the cream and I left the University.

Joined the Bureau of the Budget - 1949

Q: How did that job happen to come about?

STERNFELD: I took the Junior Professional Assistant Exam; they had me slated with the Department of Commerce which I did not like, so I went around to a couple of places, including the Bureau of the Budget.

Q: This was what year?

STERNFELD: This was 1949. I guess I had enough enemies there in 1949, so they offered me a job. I had three more months to finish my degree. I decided I didn't want to pass up this opportunity and I went in. There I started working on the management side. They had a special program called the Management Improvement Program, which was announced by President Truman's Executive Order. But after two years or a year and a half, the Bureau reorganized along functional lines. So I was moved into the International Division. That is how I got involved in foreign assistance matters.

Q: What was your position in the International Division?

STERNFELD: There was a grand reorganization where they brought the budget examiners, the management analysts, the fiscal analysts, and the staff who worked on legislation together in one unit. You were supposed to become a man of all trades. And you can do all three or four major activities. I got started there and eventually became Assistant Division Chief. I worked on Korea and Spain, as this was the beginning of the Korean program. I worked on setting up FOA [Foreign Operations Administration] and got heavily involved in the development of legislation, including the famous Mutual Security Act of 1951.

Q: What was the context in which you were doing this work then? What was happening then in terms of the reason for having all this legislation?

STERNFELD: We had the responsibility for coordinating the executive branch position on the legislative and program issues, so therefore I was a participant. I was not a drafter.

Q: You were not an initiator?

STERNFELD: No, I was there so that we could facilitate the legislation and program being presented by the Executive branch to the Congress.

Q: Did you make any input in the legislation, any changes?

STERNFELD: Yes. Lots of them.

Q: Do you remember what?

STERNFELD: No, I don't. The thrust of the legislation was joining together the then Technical Cooperation Administration and the Development Loan Fund, with the MSA [Mutual Security Administration] itself, and relating them to military assistance, or defense support, whatever the titles were at the time. That was a long process developing that legislation.

Q: Who was the prime mover in bringing all this together?

STERNFELD: George Denny from State, who was a lawyer, who later went to the staff of the Senate Foreign Relations Committee as it related to the Mutual Security Act. John Rehm was on the Foreign Assistance Act.

Q: He was in OMB, or in White House?

STERNFELD: No, he was State Department. He was one of the people from State, along with those from TCA, ECA, and Treasury, who were involved in developing it and who were there to be sure that all the views were heard. And that when there was a final draft, we were able to send it around in the agencies, to clear it before submission to the Congress.

Q: You were a facilitator in the process?

STERNFELD: And a contributor.

Q: There were some particular issues put forward?

STERNFELD: You asked me what the issues were and there were a lot of them, but I couldn't single out one.

Q: You were there for the formation of the program after the ECA ?

STERNFELD: That's right. Of course, the Bureau had to get out a Presidential Executive Order. That's in addition to the legislation, because the legislation was cast in terms of vesting all the power in the President. It wasn't in the Secretary of State; it wasn't in the AID agency or whatever it was going to be [called]. We had a Budget [Bureau] interest as well as just the process of clearing the legislation.

Q: Can you recall what the political, economic, and international setting was behind the rationale, for why we were going through this process?

STERNFELD: Those were the days when we had to reorganize almost every year. We had to change the name and you had to have a different organization. And one way to sell the program was by reorganizing.

Q: What was the international setting in which this was taking place; what was the

rationale?

STERNFELD: The rationale there was [that] you were close to phasing out of Europe, but you still had a program in Spain I remember, and you had a constituency in the Congress who really wanted more in Spain. And you had Taiwan. You had programs then which had more political support.

One of the things I do remember is the direct participation of President Truman. We had to prepare the papers on the budget for the President and I can remember Elmer Stats, who was then Deputy Director of the Budget, coming back from the meeting he had with President Truman. When he went over the foreign aid part of the budget, Truman talked about the hills of Mesopotamia, and his vision of what needed to be done. That is one impression of the president himself getting involved, in going over the detail, not always that detailed, but enough of the details before the final budget decision was made.

Q: After that initial period you stayed in OMB for awhile?

STERNFELD: Yes, I stayed there until 1960, almost until the end of the Eisenhower administration.

Q: Are there other programs you worked on?

STERNFELD: I finally became Assistant Director of the International Division so I handled the Export-Import Bank, and some other international programs, like the Foreign Claims Settlement Commission. The program I spent too much time on, now in retrospect, was the refugee programs which then got incorporated - I guess it got spun off to the State Department. At one time, it was part of the AID program itself. We tried to kill two operations. One was the Institute of Inter-American Affairs which was established as a separate entity. Completely unnecessary.

Q: You tried to kill it? And were you successful?

STERNFELD: No. Eventually, yes. But, ironically then I found myself in Latin America. The Institute was an anachronism. Its basic concepts were wrong. It sort of was the "let's improve the breed of chickens and [create] better seeds for growing beans" approach, and it had what was called the "servicio" concept, which wasn't working. The old-timers said it was an integral part of the development revolution and to this day they still believe that the greatest mistake ever was abolishing the "servicio."

Q: Why were they were not working?

STERNFELD: Because it hurt the whole program for a long time. Governments were very unstable in this period of the '50s, into the '60s and '70s. Now, there is greater stability. The theory of the "servicio" defenders was "Here we will establish stability." We, the U.S. government, will finance people, will pick the right people, will set them up. Irrespective of what goes on around them, irrespective of what the government is

doing, and what their society is doing, they would be protected. Well, if they are not accepted in the government by people except to the extent that [the] U.S. said “you have to do this, we’ll give you this, and if you don’t do this we won’t give you this,” they never really worked. It worked in a limited sense if you will. Also sort of as I said, “let’s improve the breed of chicken”, if you don’t mind my picking on the poor chicken. But they were very heavily agriculturally oriented and it never did work on a broader development front.

Q: Were there some other issues like that, that you were dealing with?

STERNFELD: From our institutional point of view, we felt that programs ought to start and ought to end, ought to have a goal at which we were aiming. If that was reached, end it. And that was a very, very difficult thing to do. Take the refugee effort. We set up ICEM [International Commission for European Migration], an international organization which was 80% financed by the U.S. This was supposed to be resolved after World War II, as the war had been over for six or seven years, and the need for it wasn’t there. I don’t think it got abolished until 20 years later when it took on different missions and stopped being called the Intergovernmental Committee for European Migration. That was an institutional bias if you want, an institutional need.

There were some other issues. Ironically, we were involved in the setting up of USIA [U.S. Information Agency], and its breakaway from the State Department. That’s when I got involved with Nelson Rockefeller.

Q: Why did you break it away from the State Department?

STERNFELD: There was strong pressure and there were people close to Eisenhower, including Rockefeller, who felt that it would get a better focus; you wouldn’t be caught in the diplomatic side, in the “cookie-pusher” side and all that. That’s when Harold Stassen started to push [it] his way, although he was not that well liked among the people in the White House.

Transferred to the Mutual Security Program in the State Department - 1960

STERNFELD: And then I went over to work for Jack Bell in 1960.

Q: What was your position? What was Jack Bell doing then?

STERNFELD: He had an office, I guess it was called Coordinator for Mutual Security, which was part of the State Department and reported to Douglas Dillon who was then the Under Secretary of State. I took over the job from the State side of getting the legislation together for that year. For whole Mutual Security package, the military, the TCA [Technical Cooperation Administration], DLF [Development Loan Fund], etc. We had to assure Jack Ohly, or his people, were involved, so that they would send people to the meetings. He was the programmer in FOA. Jim Grant took over Ohly’s office. But I succeeded in Bell’s office, this fellow’s name I can’t remember, but he became the

Mission Director in Nepal. He was on loan to State. One of the reasons why I joined Bell's office, too, is that I got a supergrade. It was one of the mutual security supergrades that were allocated to Bell's office. Then we became the staff for the Kennedy Task Force on Foreign Assistance.

Q: What was the reasoning for making another change? What was the philosophy or policy behind this?

STERNFELD: First of all, they wanted to focus more on the less developed countries. Secondly, Kennedy had an interest in Latin America which later manifested itself in the Alliance for Progress. He set up a separate operation working on that. And Kennedy just wanted to do things differently from what had gone on for the last eight years under Eisenhower.

Q: What was involved in the creation of AID ; what were you trying to bring together in this effort?

STERNFELD: The feeling was that everything had been spread around too much. The domestic agencies were working for their cut of the pie, particularly Agriculture. Congress was unhappy that you had the Development Loan Fund.

I should have said I was also involved in the establishment of the Development Loan Fund. On the State side it was Henry Owen. In fact, two of the people from the Budget Bureau went over to the DLF: Hart Perry, who became the principal in charge of operations for the Development Loan Fund; he was somebody we worked with in the Budget Bureau. I guess that is how I became Assistant Director, because he had that position at the International Division of BOB [Bureau of Budget].

Getting back to the Kennedy Task Force, while Labouisse was head of the Task Force, the work was really done by Jack Bell. I had the title of Executive Secretary of the Task Force. Besides working on the legislation that was going to come out of the Task Force. The assignment of legislation was given to Ted Tannenwald who died last week. We brought in a lot of people like Rostow and Milliken. We had a whole group of economists. We had a fellow from Columbia; we had George McGovern before he became Food for Peace director. We had George Gant from MIT, who was in charge of organization. They had separate groups on this Task Force. Tannenwald was legislation. George was on organization. He had been a general manager of TVA. Jim Grant would come in with papers. He was the programmer for ICA. John Macy was part of it. It was a very high powered group. Lot of them contributed papers of their own. The paperwork was tremendous.

Q: Did anyone keep a record of those papers?

STERNFELD: There is a guy from Minnesota who wrote a big monograph on the subject - Ed Weidner, who was a professor at the University of Minnesota. I remember my contributing to whatever he wrote. I hope they kept the paper, [but] I don't know.

Q: We'll check that out. What were some of the ideas that were influencing the Task Force and what were they trying to do?

STERNFELD: The major thing they were trying to do was to overcome the piecemeal approach to the development process. More had to be related to macro considerations than had been. It was heavily affected by these economists who advised. There were struggles on the organizational stuff, but it was nothing compared to the economic side.

On the economic side, you had Ted Schultz from Chicago, who was part of the group. He was one who said "you had to pay more attention to primary education", and some others came and said "you're not getting the most for your money, you ought really to look at higher education." He also fought some of the agricultural battles.

Q: Small farmers?

STERNFELD: Yes, that.

Q: So they were talking about the takeoff philosophy. Was that evident then?

STERNFELD: That was one of the things. Also, let's follow the European model. We were successful using the OEEC [Organization for European Economic Cooperation], so let's think about moving in that direction even though recognizing that things were different. I am trying to remember the professor who's written many, many books at Columbia, had a German accent...

Q: How long was this process?

STERNFELD: Six to seven months. The Kennedy's pushed Henri Labouisse - the transition administrator - out of the picture. I guess the judgement was he really didn't run the thing that well, and the White House was unhappy at how things were proceeding.

Q: Then Hamilton became the first AID Administrator.

STERNFELD: They went to New York and found a lawyer from a prestigious law-firm. Besides, he was a partner of George Ball who was about to become, or was already then, the Under Secretary of State. Ball was involved, too. I remember having to go out to his house with different organizational charts that the Organizational Task Force had come up with, along with George Gant. So, Ball was heavily involved. I remember staying up late at night drafting; I had to draw up the charts.

Q: What were the issues taken to Ball at that time? Was there an issue about independence from the State Department?

STERNFELD: That was there, and [whether to] make the Administrator equal to the

number two guy in the State Department. Should he be part of the State Department, or should he be independent? What should his relationship be to the President, as well as to the Secretary of State. And then again, how important was Africa. Africa was then considered primarily as dependent overseas territories, so Africa was sort of scuffed off.

Q: So the major focus was on Latin America and Asia?

STERNFELD: Right, and the Middle East. Asia, Taiwan and Korea.

Q: Was there a major concern about communism?

STERNFELD: Yes. Bobby Kennedy got involved. Bobby showed up at a couple of meetings, and he was very much so.

Q: What was he pushing?

STERNFELD: He pushed a lot of these internal security programs, [like] police training programs. Whether he was doing this personally or whether institutionally, being the Justice Department, I don't remember. But, I heard him a number of times. Coincidentally, but it was not a coincidence. The staffer in the White House who concerned himself about the all foreign aid stuff was Ralph Dungan. He had been in the Budget Bureau when I was there and then worked for Senator Kennedy. And when the Senator became President he was the White House staffer on foreign aid, as well as sharing with Schlesinger some of the responsibilities for setting up of what eventually became the Alliance for Progress.

Q: Do you remember the discussion about organization? ICA , at that time, was very functionally oriented and AID became geographically focused. Was there a particular reason for that?

STERNFELD: ICA staff were very suspicious of the AID concept. Any of the material that came out of ICA was sort of suspect.

Q: Why was that?

STERNFELD: That was because [it was] felt that they were grinding their own axe. That was the key. The fact that Dr. Fitzgerald was the functional expert. The theme of the change was going to be to look at countrywide issues. You were going to look at the macro policies. You were going to move away from just trying to improve an agricultural extension service, and turn to concern on overall agricultural policies and all that.

Q: Were they concerned about macroeconomic policy as being a part of it? They talk about it now so much.

STERNFELD: Yes. They were very much so then. If I may jump ahead a bit, that was the thing that took place on Latin America. That's why they did the back-to-back with State

Department which they didn't do in any other areas.

Q: It must have been very exciting time?

STERNFELD: A lot of work. Bell had a good staff. He was able to use and actually co-opted some of Jack Ohly's people.

Q: That wasn't an operation staff. They had simply a coordinating function, right?

STERNFELD: It became the staff of the Task Force. We did more than just coordinating. It was setting the framework, the blueprint for the future organization which was going to be called AID. Even the naming of AID. This one person from State who got involved in the process of getting the name of AID was Phil Stern, the author, who is now dead. Goodwin came into it on the White House side. Richard Goodwin. Later problems. There was somebody else...

Q: Do you remember what other names they were thinking about at that time?

STERNFELD: There were three or four White House staffers. Actually, the issue of the name went to the President. One of the reasons they didn't like AID was that there was in Austria a Soviet organization that had the initials AID and that came up. It made them almost change their mind about using AID. I remember there was a Soviet poster and it was in Austria, that's when things were getting sort of touchy at that point in time about the future of Austria. There was another person involved named Haddad. He was married to a grandchild of President Roosevelt. He came in on this naming process. He was a public relations man from New York.

Q: What was your reaction then, what did you think?

STERNFELD: I didn't think it was that important. It was just a name. They were spending too much time on that.

Q: That is often the case.

STERNFELD: The little issues take more time than the big ones.

Q: Any other major issues in the formation of AID? What was the reception on the Hill?

STERNFELD: That was easy, surprisingly. When they had the Nixon Task Force, which Peterson from the Bank of America was head of, that was a lot tougher. There was more cynicism about what foreign aid should do and what foreign aid should be. Ted Tannenwald was good at Congressional relations. He wasn't good at paying attention to details, but he was very, very good going up on the Hill. He had the cooperation of Senator Fulbright and the Senate Committee. The House Committee was always a problem because they had nothing else to do but the foreign aid bill. Senators are busy on many other things. The House Committee, they broke down to regional subcommittees,

so they liked the idea of a country by country approach.

Q: Was there a lot of euphoria or enthusiasm for new directions and that sort of thing?

STERNFELD: Yes. And there was a feeling also of graduation. The Europeans we were graduating. You were looking at things differently; it was something new; it was a new administration, and all of that.

Q: Was there some feeling that somehow we can do for poor countries what we did for Europe?

STERNFELD: There was a lot of that. We also had Lyndon Johnson, who still had his strong ties to the Senate and his feel for the whole legislative process, and he got involved. And he became more involved when he became President. That eased the way.

Q: After your Task Force experience, you moved on to AID and Latin America. What was your position there?

Moved to the Latin American operation in AID - 1961

STERNFELD: The Programmer. I was head of the Program Office. I was telling you about the back-to-back situation with State. It didn't start out that way. First of all, the President brought in to head the Latin America Bureau a very fascinating person. He was then the ambassador to Venezuela, and he came from Puerto Rico. He'd been in charge of the development effort in Puerto Rico. He did not know the bureaucracy what so ever, so it was fun working with him.

Q: What was his name?

STERNFELD: Ted Moscoso. He was really a "babe in the woods" as far as the bureaucracy is concerned. But he had direct ties with a lot of people, including the President. We really started anew. Before I was a part of this effort, two or three groups were established to screen the personnel to be transferred into the new agency, to AID. Because the AID Administrator had been given extraordinary authority, he didn't have to take anybody [he didn't want]. He could hire people without regard to Civil Service rules, etc. So we went through the process of deciding who from TCA, or who from DLF, or who from ICA would wind up in AID. And what they did was set up 2 or 3 groups going over the files. That was one of the toughest jobs I ever had. Bob Nathan was a member of a group and we had the personnel director of HEW [Department of Health, Education, and Welfare], a psychologist from Harvard and I represented the State Department because I was from the Office of the Coordinator for Mutual Security. Maybe one other person was in that group. We literally went through the files of all those rated in the lowest 25% to see whether they should go into AID. We had to have a unanimous vote. Most of our recommendations were not followed, because there was an appeal process. Some went to their Congressmen. Some of the cases were so obvious that they shouldn't have and I think they didn't wind up [hired].

Q: This time you didn't have [the] power to dismiss anybody, just [to] recommend [them] to [whom]?

STERNFELD: We recommended [them] to the Administrator and it was the Administrator who had the authority. Going back to the Latin America [Bureau]. This was a process, too, deciding that the man who developed a better strain of beans was not the person you wanted in the Agency, neither in the field nor here. You did not want those people who had been functional specialists.

Q: What was supposed to be different about AID?

STERNFELD: You put the emphasis on the macro considerations, and you expect to make major loans for balance of payments, infrastructure, etc. You are really going into competition with the World Bank and the IMF.

Q: So you were involved in a major reshaping of the Latin American program? You said it was mainly the shift to macro economic; what were the major concentrations of the assistance?

STERNFELD: In the bigger countries, that's why you were there. But this is one of the faults of foreign aid; we always had our pets. The darling country was Columbia, it could do no wrong. It was doing everything right. It was getting support from the World Bank, and therefore the U.S. government should [provide] it, too, because there we have our best example to show the others as to what should be done. And it was democratic, which was not a minor consideration.

Q: Did you have a long-range assistance strategy at that time?

STERNFELD: Yes, Columbia was one of them. At the same time there was someone who was working on the Alliance for Progress, with Dick Goodwin, and Lincoln Gordon, who was the ambassador to Brazil. They brought him to Washington to work on this. I started work with Gordon on the legislation that had to go to the Hill and the presentation of the program for Latin America. Of course, he made sure that Brazil was going to be one of the big stars, and it had to be, such a big part of the region.

Q: What were parts of this program?

STERNFELD: We had major hydroelectric projects. We were going into financing higher education. We were going into things that ICA had not done before and away from the agricultural extension, vocational education, that ICA had done. And all on a new level. I remember when I first got involved in foreign aid, Latin America was getting five million dollars a year; this was at the beginning of the Eisenhower administration. And then the jump at the beginning of the Kennedy administration, so you were going into hundreds of millions, which was a lot of money in those days. It was a major change.

And there was a big process of going out and hiring people. The reason we [State and AID] went back-to-back is that you had to find the people with some economic background who had been associated with foreign affairs and bring them in. And then you had the pressure from the White House. Dick Goodwin was pushing his friends from Harvard law school; he had a whole slew of young lawyers, who moved on after a while.

Q: How did you find the back-to-back arrangement?

STERNFELD: This was a necessity in order to tap the brain power that existed in [the] U.S. government and in the State Department.

Q: Because we did not have sufficient expertise on Latin America?

STERNFELD: We had functional experts.

Q: So that was one of the major reasons for the back-to-back.

STERNFELD: There was also a feeling, and a lot of it had happened too, that the political side could contribute because you had a political objective. I went to three or four meetings with Kennedy with Moscoso. Kennedy talking about his grandfather, the Mayor of Boston, who built schools, and “What are you doing about schools” and examining you as to what was happening in the various programs.

Q: He was interested in particular programs?

STERNFELD: Yes.

Q: And the Alliance for Progress came out of this process?

STERNFELD: It started this process.

Q: And what was that about?

STERNFELD: That tapped onto a lot of the European experience. You set up a group of wise men who were going to review the efforts that the country made and that the external contributors could examine, borrowing again from the European OEEC.

Q: The wise men were Latin Americans?

STERNFELD: There was an American and four others were Latin Americans, but this was under the OAS [Organization of American States], which was a Latin American organization, like the OEEC. There was an effort to try to adapt to the Latin American scene, and have the Latins feel it's theirs, that was always the big problem. We always kept saying Alliance for Progress, but it wasn't an organization, it was a concept. And, the big thrust was supposed to be that they are going to decide, just like in Europe, they were going to take the actions and it wasn't what they were going to get from us and the

outside world, but what they would do themselves - i.e., fiscal reform, monetary reform and development, etc.

Particularly on the social side, there was a feeling that insufficient attention was being given to the social side and that was when the U.S. set up the Social Progress Private Trust Fund, which it gave to Inter-American Development Bank to carry out. And that covered health, not only curative but preventive health [care], water systems, education, four or five specific fields, which people fought hard against because they said no bank could do that because [the] World Bank wasn't doing it. The World Bank was at that point in time working on major infrastructure projects, mainly in the field of power and roads.

Q: Was there any particular development philosophy other than doing big projects, any social philosophy of why?

STERNFELD: Yes, the development philosophy was that the countries will take off and achieve self-sustaining growth.

Q: That these countries would take off?

STERNFELD: Yes. Within a limited time period. We didn't set the European goal of four years, but it was part of the concept, this wasn't a never-ending process, it wasn't going to go on for 20 years.

Q: That the Alliance should phase out in a particular time-frame?

STERNFELD: Right.

Q: How did it work?

STERNFELD: It didn't, basically and fundamentally, because of instability in the countries. The countries changed governments, sometimes every six months, or every year. Very few governments lasted two years, [and there were] military takeovers, all of that on the one side. On the other side, the U.S. didn't have the [staying power]. My friend Jerry Levinson wrote a book, "The Alliance Lost its Way." He overdid it, but it did lose its way. He felt in his book that the U.S. didn't come through with what it had held out to the Latins. The level of effort, and using leverage to bring about more social change and alleviate some of the social problems and human problems [were inadequate].

Q: Did the wise men group function at all?

STERNFELD: It did for a year or so but then it petered out. It had exceptionally distinguished Latins. And the American, Ted Moscoso put his friend there, Harvey Perloff, who had worked in Puerto Rico and was an economic planner.

Q: What do you think was accomplished, recognizing that overall the concept didn't do

so well?

STERNFELD: The same thing that was accomplished with President Roosevelt's "Good Neighbor Policy." The Latins sometimes give greater weight to perception than to reality. They thought at least they [had] gained interest on the part of the U.S. which had been paying no attention for 30 years or so. And that had a political benefit. It also started some institutions which didn't exist before.

Q: Some examples?

STERNFELD: Even in the way of just establishing water systems which were not just for the elite. You had institutions which had their ups and downs, but they were there and wouldn't have been if the U.S. hadn't [provided aid]. Local universities that you [help] establish ties with U.S. universities. It went on, some of them did, some of them didn't. I was fascinated. We had a big controversy in Ecuador and we financed ties between the Catholic University in Ecuador and St. Louis University which is also Catholic. It was a big controversy as to whether AID should get involved with a religious organization. But the best university in Ecuador was the Catholic University. I went back 25 years later, when I was then pro-bono consulting with Georgetown University, with the priest who was in charge of that St. Louis contract. He was then working at Georgetown. It was fascinating to see that that university was still, and is now, the number one university in Ecuador. And it was producing trained people necessary for the development of Ecuador. This is an example of a major return on investment because you had people coming out of that school and the University grew.

Q: Was USAID involved in commodity assistance, program loans, or balance of payments support?

STERNFELD: Not that much. The program was mainly a failure because they were supposed to bring about major policy changes. They didn't. They maybe made a change, and if you follow the IMF approach you get these quarterly reviews. If they showed they met the target, they would get the funds released, but it wasn't lasting. Again the governments changed, the people would change, different philosophies came in. So if you look back on what you had 10 years ago and if you look back from 1990 to what happened in 1960, you won't see too much of what you did there. In the case of the universities and in the case of water systems and in the case of some of these institutions, some of them are still there, some of them retained people. And you were training people.

I think the biggest contribution was in the training effort, not bringing them to the States necessarily, which is the [heavy] focus of AID, but getting the institutions locally to do the training and to get them into the position to do that. In my other 20 years [at the] Inter-American Bank, we didn't do enough of that.

Q: But you were in Latin American Bureau for how long?

STERNFELD: Let's see. AID starts in 1961, and I moved over to the Bank in 1966. Five

years in the Latin American Bureau, and then I moved over to the Bank.

Q: Did you travel throughout Latin America?

STERNFELD: Yes.

Q: Do you have any country favorites that you enjoyed working with?

STERNFELD: The most fascinating is the largest, Brazil.

Q: We had a massive program there.

STERNFELD: Yes. We don't have much to show for it, I think. I think they're going to go through hell right now, but there is an example. The two architects of what they've done in the past couple of years, the President and the Minister of Finance, are very heavily influenced by the U.S. Nothing to do with AID or the IDB, but their training and education was U.S. The President was a professor up here, out in California. And the Minister of Finance has been influenced by his ties to the U.S.. He was also Brazilian director of the World Bank, and Brazilian director of the Inter-American Bank, so he knows the international scene. This is true in Mexico, too. The President of Mexico is a Ph.D. out of Yale. That was not true 30 years ago. Not at all. In fact, most of the people you ran into in positions of influence and power were not that oriented towards the U.S. If they were oriented at all outside, rather than more inward oriented, they were oriented towards Europe. But that changed over the period from the '60s. The change was going on anyway, but a major change has taken place.

Q: These people weren't part of the AID program?

STERNFELD: It is interesting to see this program that Georgetown [University] has [using] AID money. It is financed by a congressional set-aside. AID used to hate the program. I hear they like it now. It's a ridiculous program. It came out of a Kissinger Commission effort during the Reagan administration, when the Cold War was going on and we would try anything in Central America. It has been going on for at least 15 years. Georgetown brings to U.S. community colleges kids who don't know English for practical training and/or an associate degree. It's good for them, but it would sure be a lot better to take the annual 20 million dollars and use it in Guatemala, Honduras, or all the other Latin American countries.

Q: We weren't doing that?

STERNFELD: This is in recent time. But this is an example of one of the problems of the early program. This was basically a Georgetown program. They had an influential staffer on the Senate Appropriations Committee, Jim Bond, who would get his chairman to annually establish a "set-aside." "This money is only for Georgetown." And Georgetown has had it. The program's usefulness probably died 10 years ago. It wasn't a bad idea bringing them to the U.S., but if they only had a concept of where this is going to lead.

Why don't you expand down there?

Q: AID wasn't trying to do that? Setting up educational programs in the countries?

STERNFELD: Yes, in a limited way, it had training programs. I went down with Herman Klein about 10 years ago. AID gave Development Associates a grant to go evaluate the efforts in Central America and Herman and I were selected to go to Guatemala. It was interesting to see what had happened to Guatemala after both of us had been away for a long time. I didn't see much of an impact from the programs that I knew of from the 1960s, including the Peace Corps. Peace Corps had people producing rabbits. It had an impact, but there was no sign of its still continuing.

I looked to see whether the early efforts were there. Some of the vocational/educational programs they had, they discarded, then they forgot it, and started something different.

However, I was in Guatemala last year. The former Finance Minister is a friend of ours so we stayed with them, so I said "Show me what..." And he didn't have to show me too much, because you can go in that city and you can see it. There are very few Indians walking around in Indian clothes which was not so 30 years earlier. And even in the countryside there was the security problem, but people looked better. Just empirically. The numbers show there is improvement, but you can just see it. [Whether] that was the result either of AID or IDB [programs], I don't know.

Q: It's very hard to make the linkage. There is a problem of cause/effect factors with these programs. You think the Latin American program has not been entirely effective?

STERNFELD: It started things. Whether it accomplished what it started out to do, I have my doubts.

Q: Why did the Alliance for Progress peter out?

STERNFELD: As I said, governments change, people change, the U.S. lost its interest, too. The U.S. really didn't increase its interest in Latin America until [the] Nicaragua Sandinistas came on the scene.

Q: Under the Reagan administration.

STERNFELD: If we are talking about bilaterally - well, I should interject here. I was part of that Nixon administration Task Force which Rudy Peterson from the Bank of America headed. Ed Fried was the staff director. We could never convince Rudy that he was overdoing it, and basically saying do everything multilaterally and forget about the bilateral program. That was the major thrust of that [Task Force] effort. I just told him "You're wrong, it will never work that way. What you're assuming is coming out of multilateral is just not going to," and at that time I was on the board of the IDB, so I was doing both efforts. However, I was right, and yet I was wrong. When I moved into the IDB as the Executive Vice President, I had very little to do with AID. AID was

irrelevant. I was under the illusion [that it wasn't] because I came from AID. Most of the people were Treasury. The whole relation is with Treasury. Treasury gives the U.S. directors instructions, etc. The AID input was rather minimal when I was with IDB. We had sometimes three or four times more resources than AID had in Latin America, and then as Executive Vice-President I can probably name, for the seven years I was there, I could name the number of times on my two hands when I had AID involved.

Q: Was that because of the Treasury dominated the relationship, or why?

STERNFELD: No. Because that was the basic human needs period. And that didn't have an impact on what the countries wanted us to do, us being IDB, or what we believed needed to be done.

Q: So there were very different development orientations between AID and the IDB? IDB was mostly capital development?

STERNFELD: It does do capital development, but it also was strongly oriented toward social development and had a technical assistance program which was bigger than AID's. AID was still involved in housing guarantees, and IDB got out of housing. That was a morass; it took a lot of pushing to get IDB out of housing. The IDB, to this day, claims to have country strategies, but they are much more project oriented - this is the project, this is the objective.

Q: More functional?

STERNFELD: Yes.

Q: Are sector people much more dominant than the operations staff?

STERNFELD: They just reorganized about two years ago, and they subordinated the sectoral people. In my time there was a strong effort to make the sectoral people more dominant. Because of the feeling that the people who were country-oriented were more of the advocates for the country, rather than trying to make an effective development effort. This is a criticism of the World Bank too, that they are interested in getting something approved. Whether it was ever implemented or whether it had an impact on the people who it was supposed to assist, that was secondary. So what you tried to do is build up tension between the functional people and the country people, but my successor's successor's successor was very successful in getting the functional people subordinated and in breaking them up.

Q: How did you feel it was working with you in AID, when you were part of the process creating the country focus? How did you find your work in that context?

STERNFELD: In that time, because the functional approach was at such a low level, it wasn't even a concern with the institution. Rather than a functional approach, I'd rather call it an institutional approach. And a sectoral approach, which was partially the effort

too, one of the things we needed to do. I think, as I said, program lending, which was boldly aimed at the macro conditions and the macro situation, is sort of secondary because it didn't have the capacity that the Monetary Fund had, particularly on monetary or financial issues. The IMF in the '50s and the '60s was basically a Latin American organization. They had more expertise and they knew what they were doing, they had to have long-term outlook, they also had to have short-term outlook. So we piggy-backed a lot on that in AID, and probably if you had to do it all over again I would say it should have been more sector-oriented, and more institutionally-oriented, institutionally-oriented in the sector.

Q: But then the Latin American Bureau shifted to some major sector programs, didn't it? How was that?

STERNFELD: Yes they did. But I can't tell you, that was after I left. That was after '66. I can say looking at it from the IDB perspective, they weren't achieving very much. Part of it was you couldn't get the IDB [to do more], because the U.S. would only go so far. I remember Dave Bell coming over and talking to the President of the Bank and saying you [have] got to do more, you can't just be project oriented, you got to look at the country, look at the sector.

Q: Dave Bell was trying to present that to the IDB?

STERNFELD: Yes. That was my job too, because I was the guy sitting on the Board, trying to get them to do that. I didn't get much support from AID, surprisingly because they were in their own little world. We had an office in the Latin American Bureau, which was supposed to be involved in IDB matters. There were two or three people there.

Q: But AID was subordinate to the Treasury's role in this process?

STERNFELD: Basically. Treasury was interested in debt rescheduling and that level of effort. And I gather it hasn't changed very much to this day.

Q: Were there other experiences while you were in the Latin American Bureau that stand out in your mind? You talked about the basic human needs approach that came later...?

STERNFELD: The major experience was the people. Ted Moscoso did make a difference. He was hardly a manager; you wouldn't expect him to be. He had charisma, he could inspire people and he could communicate with the Latinos. He was Latino himself. And he had the experience. He lived in Puerto Rico. I remember sitting next to a minister in Peru, saying "Is that man a Puerto Rican? Can't be. They're Caribbean trash." He was a Puerto Rican from the elite, and that's who he dealt with in Latin America; they were the elites. So I said "He went to the University of Michigan, he represents the U.S."

Q: What do you think he contributed apart from his ability to communicate with all the political groups?

STERNFELD: He was able to say “Look, we in Puerto Rico did this, and look at what happened.” And also, he had a vision. In Europe, he tried to get Monet. “I want you to come down to Latin America, to work with the group of wise men. You can help them recognize that the long term future for them is not to be just a series of independent countries.” Monet turned him down. That’s an experience I remember. But he got Monet to go down and visit a couple of countries. But then afterwards Monet said, “They are not ready for it, they are not ready for what you want to do.”

Q: How did you find AID as an agency to work with at that time?

STERNFELD: The Latin America Bureau was pretty independent. It used to irritate the rest of the agencies, being [so] independent. I guess that’s about it. It was easy. Of course there were some jealousies. We would always get resources more easily than other parts. And we had a lot of freedom, too. I don’t know why the back-to-back [with State] ever failed, but I guess it failed because people were unhappy.

Q: You had a very strong capital development office that sort of dominated the programming side, didn’t you?

STERNFELD: Not really. They tried. I think what we had were good Mission Directors. And they made a strong impact. This is an example - there is a new executive vice-president of the IDB, she started on January 11, and came from the IMF. She invited me over for lunch two weeks ago. She was the Fund representative in Moscow. She opened up their office in Moscow. The IDB has offices in all its developing countries. And the mistake that they are [making is] delegating more and more to the country representatives, or the country directors. I said, “Look, I know, if this were AID I would say you ought to give much more authority to them. This is not AID. You got a Paraguayan, you got a Peruvian, you got a Brazilian, they are country representatives in different countries, which was a battle to start out with, but they know that if they’re too critical of the country in which they are located they are going to be ousted. If not ousted, they’ll be transferred. So you can’t expect that [to work].” And AID and the Fund were quite different. In the Fund you had a different atmosphere to work in. But looking back at AID’s country directors, I would do it. Definitely.

Q: You thought that the field mission concept was a positive and effective operation?

STERNFELD: Yes. And they could contribute, and the move had been towards - you mentioned capital development - towards having them develop capital development projects, not the people back in Washington. It was good. Because they were on the ground and they knew some of the shortcomings, some of the weaknesses and some of the strengths. So we took advantage of that. And that was a big contribution I felt. And the contrast between that and my multilateral experience was enormous.

Q: Anything more on the AID experience side that stands out in your mind? I suppose you were involved with the Hill; was that straight forward or did you have a lot of issues there?

STERNFELD: In my time it was straightforward, sort of a honeymoon in many ways.

Q: The Alliance for Progress was a very popular concept?

STERNFELD: I went up three times to Passman, but here again we were just lucky. Passman was from Louisiana. Passman had some constituents who had investments in Latin America and were big contributors to his campaign. So we got our money.

Q: And you talked a little bit about the relation with [the] State Department, but that was fairly smooth, there wasn't a heavy political hand on what you were doing, and dictating the program?

STERNFELD: Not what it turned out to be later, when they wanted to pour money into El Salvador and things like that. We had a little bit of that in Panama when Canal issues flared up. And Brazil was cooking. They developed the thesis that this is Ambassador Lincoln Gordon's "Islands of sanity," so instead of dealing with the Federal Government you start dealing with the States, but that made sense. And the Federal government was going to be a disaster, as it turned out. There may have been one or two occasions when State intervened. I can't think of any specifically.

This is a footnote, going back earlier. It was sort of interesting. When Dillon was the Under Secretary of State, part of the responsibility of his office was to write an annual report which was submitted to the Hill. There were about three sentences which were critical of the NAC, about not paying enough attention to the development side, just being financially oriented even though it had to review the World Bank and the IDB, which were development institutions. We sent the report out to Dillon, and the only thing he changed was those three sentences critical of the NAC. This was before it was announced he was going to be Secretary of the Treasury. There wasn't even a rumor that he was going to be the Secretary of Treasury.

Executive Director and Executive Vice President of the Inter-American Development Bank - 1967

Q: Interesting. Finally, you were there as the IDB's Executive Director and later Executive Vice President. How would you contrast the multilateral approach to the bilateral from your experience? We could talk more about your IDB experience if you'd like and what has happened with the Bank.

STERNFELD: You can do things differently in the two contexts. The IDB as such, and I suspect this is the case in the World Bank too, if the U.S. knows what it wants to do, it can get it done multilaterally or bilaterally. But it has to decide what it wants to do. It's interesting to me that the U.S. director, who just left the IDB three or four months ago, wrote a farewell letter to the Secretary of Treasury, and what he said in that letter was true when I was on the Board and when I was Executive Vice President. The U.S. government doesn't know what it wants to do. There is no U.S. government as such.

There is the Treasury that has a limited view point; there is the Commerce Department that has a limited view point; and then, if you will and he didn't say it, but he meant there's nobody looking at development. What he's saying is that AID is not [involved]. And I can say that was true in 1967, as it is true in 1999. There wasn't a development input.

Q: There was no U.S. government voice for development?

STERNFELD: That's correct. And when AID was established, that was supposed to be the major role of AID.

Q: In other words the attempt with AID's creation to provide a voice for development as Senator Humphrey tried later with IDCA, didn't work. Why did the U.S. Government not have a voice for development? Was development not important to the U.S.?

STERNFELD: I guess it's only important politically, if it combines certain things politically. No matter who is involved and who may have a different concept, once they get into the position of making the final decision, it's the political side.

Q: What about the operating culture, your experience with IDB and bilateral aid?

STERNFELD: Part of the problem might be that in my time every loan, every technical assistance over 75,000 dollars I think in those days, would go to the NAC. It would instruct the U.S. directors what they should do. We got very little out of AID and what we did get was nitpicking. Technical nitpicking about a one-on-one approach, objectives, things which would be useful for the Mission Director to bring up. Actually it would have been useful to bring them up beforehand.

The thing that I always tried was to use the AID missions and get AID to use the AID missions and say "Look, we know a year or two years in advance what may be coming up. Put your input in early so that you can affect the shape of the IDB effort. We didn't get anything or you get nitpicking, fundamentally." So, after awhile, I said, "Just forget it." That was as Director. As Executive Vice-President, I didn't see this stuff, because I was no longer in the U.S. government. But the Director could come in any time and say "Look, here you're going to face a big problem, this is a corrupt or ineffective outfit, don't get the Bank involved" or propose this or that reform. We didn't get that kind of input. And yet the AID Missions were there with good people supposedly. And you'd ask "Why not?" "That's none of our business. We've got our own problems, our own things to do." And in the basic human needs time, there was no relationship, there weren't the people there who could deal with the kinds of things the Bank was doing or should have been doing.

Q: You mean the people at AID were not there to influence the process? So the whole New Directions philosophy did not really impact on the IDB?

STERNFELD: Some of it had been there before that started. As I said, the Social

Progress Trust Fund started and it did lot of that.

Q: How did you find the operating culture of the IDB? I always heard it was a highly political environment, but I don't know how accurate that is?

STERNFELD: Well, what you say is the common knowledge. I must say I didn't find it that way. However, it is a really big problem in that you're Brazilian or you are an Argentine, or you're a Bolivian, that is upper most. Whether you come from the right or from the left, and your peers take you to task, "so this is going on in your country" and it'd have nothing to do with what you're working on or anything of the sort.

I had staff meetings. If something was coming up on Argentina, which he had no responsibility for, the Argentine would have to put his two cents in. There is very little of an institutional sense, and you work for the institution. They feared that Americans were following a party line, but that is not so. There is no U.S. line as such, but they don't believe it. The Latinos are great believers in conspiracy anyway. If that's the political thing then yes, that's present.

You build in enough checks and balances to counter this, but this creates problems. I found this out by the experience I had working with Georgetown University after I retired from the Bank. We tried to develop a project. NASA was going to give the University free time on a new satellite beamed at South America. This was about five years ago. It was to be used for long distance education. This was really something new. So I volunteered to help develop a project. I got some people and some money out of the Bank to design a project for long distance education. I described the Ecuador experience, but this involved a number of Latin American Catholic universities, working with Georgetown, using the Georgetown Graduate Business School. The whole effort was aimed at graduate business education and also setting up a small business center that Georgetown could help by using a satellite. It took three years to get through the bank bureaucracy. We got terrific cooperation from the various Latin American universities, but to get through the Bank bureaucracy was most difficult. The project got approved, but it finally failed. It never really took off. I didn't want to go back and try to find out why. But it was just three years of bureaucratic infighting. I should have known [from] when I was on the inside. Part of it involved some personality problems, but that was inevitable.

Concluding observations

Q: Are there in your AID, or IDB experience, any particular projects or programs that stand out in your mind as being unique in some way - in the sense of making a difference?

STERNFELD: Unique? Yes. This goes also with the issue of bilateral versus multilateral. I think that the bilateral can take on more riskier things than the multilateral. It has grant money available more easily than the multilateral, and it can lead the way. In the multilateral, one of the other things I tried was in the field of science-research and development. This now exists in a couple of Latin American countries, but it didn't exist

20 years ago. It was to get to work on that aspect, including using imaging and satellites and all of that. Not the traditional agricultural, educational, health, transportation, etc. To use the funds which you have available in this effort which is not going to get supported, unless it comes from external sources. Or at least the outside can get it started. We failed.

We used some of this satellite mapping. It just didn't work out. We got the Israelis, who had their own axe to grind but wanted to be of assistance, but we had to finance them to go directly into a couple of countries setting up the institution to work on science and research. There is a very effective one running in Brazil now. And one in Argentina. Peru is sort of shaky. That stands out. And in terms of areas for the future, that's the area in which they ought to work. Don't go back. It's part of the trouble when people think they have discovered the wheel when they first come on. Everything that took place before them is nothing, is useless, and they discover things. Don't go back and do the things which were going on before. Try to see where you can make a new input, where you can be different.

Q: You're suggesting that's more in the institutional realm?

STERNFELD: Right. You see that even with capital development. The capital would put in main water systems, and the sewage systems. But if you established a good organization that had rates and tariffs, and it lasted, you accomplished something.

Q: But it was the institutional side that was the vital part?

STERNFELD: That's right. But one of the troubles you can't forget, you got to work on them and make sure they're going to collect the money, so that they can grow. So it isn't always the physical bricks and mortar - the construction. That still is a big problem.

Q: Getting sustainable, institutional situations?

STERNFELD: Right.

Q: What would be the areas that you would think AID over the years made a distinctive contribution in term of the overall development thrust?

STERNFELD: I think it's if they really train people and set up institutions that can continue the training, from the level of being mechanics and air-conditioning types to becoming macro-economists if you will.

Q: Any particular sectors or program areas that stand out in AID? Population area, environment, any of those?

STERNFELD: No. The area that had the best expertise was the agricultural area.

Q: This is during your time you're talking about?

STERNFELD: Yes.

Q: Subsequent to that?

STERNFELD: I found none. In my travels, when I used to go to Latin America, I'd rather go talk to the Israelis as to what they were doing than the AID people about what they were doing. Because they have an institutional concept, and they are rather limited [in scope]. They worked on things they know well: water, they know exceptionally well, science which they do well, some of the technology stuff.

Q: Taking a broader view going back over the years, do you think foreign assistance made any difference in development? How would you characterize that?

STERNFELD: As I said earlier, I couldn't make a direct cause and effect tie, but undoubtedly, people got exposed and later, consciously or subconsciously, [it] had to have an impact. What you fight against is insularity, and you want to get people to be more open. I was one of those people who said "This Peace Corps would never ever work." I forgot one major element. It didn't work [in] the development sense, but it did work in the sense that it educated a large group of young people in the U.S. as to what the world is like.

Q: Right. Opened their eyes. I agree. Do you think there is a need for it in future foreign assistance?

STERNFELD: In the area that I know well, Latin America? No, not an absolute no. Very little, if any. Unless you can identify a couple of untouched fields in which [they] can make the difference.

Q: People now talk about governance and democracy?

STERNFELD: Yes, but that used to be called public administration. I think they have been taken for a ride. You give them computers, manuals, buildings, and they'll do anything that you want them to do. But, maybe there is a way we can do it. Politically again if the country context is right for it. Things are more stable in many places. I am talking again about the region I know best. Maybe you can accomplish something. But where there is no stability, or where there is constant turnover, don't try, you are not going to make it. Experience has shown that you are not going to do it.

Q: We learned that over and over. Are there any lessons in the development field that stand out in your mind? What you would say if you were asked for advice: "I'm going out to work on a development program in country X?" What should I be sensitive about, apart from this turnover that you talked about, in terms of development issues?

STERNFELD: You've got to be sensitive to what the current philosophy is, and that changes depending upon the times. "Government can do no wrong," or "Government can do no right." "Things can be solved by another thing and that can be done by the private

sector.” Or “The private sector is so insulated it has no civic consciousness,” etc. You kind of have to assess the atmosphere, the level at which these kinds of issues are being considered in the particular country you are dealing with. There is no [single] right formula for Indonesia and for Brazil.

Q: Are there no universalities in the development business from your point of view, or is it all country specific?

STERNFELD: I have my doubts as to whether there are any universalities. There may be certain general principals which are universal. You can't expect that everything can be done from the outside, you [have] got to have the major input from the inside. But beyond some of these, I doubt that there is much that is universal. They used to preach “Look at Taiwan. That's the best example you could ever expect. That's what ought to be applied around the world.” Except the Peruvians are not Chinese. I don't agree with my friend Larry Harrison that everything is affected by the culture. In fact, I disagree violently. I think place has an impact, but just because they came from a colonial background, and the Spaniards were not Chinese, that there is a difference. You can find as many hard workers in Brazil as in Taiwan. There is something to it. They are coming from two different kinds of cultures [and you have to] take that into account. Just don't apply it as universal principle.

Q: Trying to understand the local scene?

STERNFELD: And who you are dealing with, and who the people are. And don't just latch on to your favorites. So frequently the U.S., they find Mr X, Mr. Y, and Mr. Z, and they are the answer to everything to be done. When you put all your eggs in those baskets, it's a mistake.

Q: Are you talking about local political leaders? Or economic leaders as well?

STERNFELD: Yes, political and economic. It used to be that they could speak such good English and you could communicate with them. Now it's a big universe of people who speak good English so you can't just rely on one or two that speak good English.

Q: Anything else you'd like to add about your experience in foreign assistance or the AID program?

STERNFELD: No.

Q: Thank you for an interesting interview.

End of interview