

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

KAREN ZENS

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INTERVIEW

Q: So, today is February 26. We are commencing our first interview with Karen Zens.

Where and when were you born?

ZENS: I was born in Washington, DC, February 25.

Q: Happy birthday.

ZENS: Thank you. 1949.

Q: Okay. Did you grow up there or was this a temporary thing for your family?

ZENS: No, I grew up in Washington. My parents were from Wisconsin, but they had settled here after the war and so, although they weren't Washingtonians, I became one, although the first 10 years they lived in Virginia. So, when I was 10 they moved into Washington, DC.

Q: Interesting. Okay. Brothers and sisters?

ZENS: I have one older brother who was actually born in Mississippi and went into the Air Force.

Q: Okay. Now, how did your parents meet? It sounds like a World War II story.

ZENS: It is. My father was training to be a pilot, crashed his plane, was back in Wisconsin recuperating, and went to renew his mother's newspaper subscription, and my mother was working in the newspaper office as an aspiring journalist.

Q: Neat.

ZENS: So, even though they lived in the same town of Racine, Wisconsin, had gone to the same high school a year apart, they had not met until the war.

Q: Isn't that wild? Wow. Okay. Okay, so they met there. Did your father then actually see action in World War II?

ZENS: No, he did not. By the time he learned how to fly the plane the war had ended. They spent their first year of marriage during the war moving around Air Force bases, which were all in the South, which is how my brother came to be born in Mississippi.

Q: Okay. And so, and then, at the end of the war, what did they decide to do in terms of where they were going to live and work?

ZENS: My father was a journalism major, so he looked for a job in journalism. He had gone to the University of Marquette, which had a journalism school, and they gave him a reference to a job in Washington. My father was Catholic, and the National Catholic News Service was just starting up.

Q: Interesting.

ZENS: He was one of the first team that started up that service, which is how they ended up in Washington, DC.

Q: Yes. Now, okay. Did your mother work as well?

ZENS: My mother didn't work when we were younger. She already had switched her career; although she had worked in that newspaper office, she also had been an English teacher and when we were small, she started working as a librarian in the public library system in Virginia. She eventually went back and got a master's degree in library science and worked as a professional librarian in DC.

Q: In the school or in--

ZENS: She worked first in a private school, Gonzaga High School, and then in the DC public schools.

Q: Oh, okay. Now, speaking of public schools, which one did you go to?

ZENS: My father was Catholic; I went to Catholic schools.

Q: Oh, okay.

ZENS: When we moved into the District I went to the local parochial grade school, St Peter's, and then I went to a Catholic girls' high school in Northwest DC, Immaculata, which no longer exists.

Q: Interesting. Okay. Now, what were the years you were in school, principally high school, let's say?

ZENS: I was in high school from '63 to '67.

Q: Okay. So, wow, March on Washington and civil rights and so on. What was it like?

ZENS: Well, I hate to say it but I was a little oblivious to a lot of things. My most compelling memory from that period is when Kennedy was assassinated. I will never forget it; classes were interrupted by an announcement that he had been shot and we all said a prayer together, but when school let off, he had not died. I was on the public bus that I took to school when all of a sudden, all the bells of every church started to toll. By the time I was got off the bus I was not surprised to find out he had died. For many years afterward I could not here church bells without getting a shiver and wondering who had died.

We had moved into the District in November, 1960. We lived four blocks from the Capitol, so the first inauguration we saw was Kennedy's. My father by then was working for the Catholic newspaper of the Washington diocese, "The Catholic Standard," and the Cardinal from Boston was to give the Invocation at Kennedy's inauguration. You may recall that there was a tremendous snowstorm and my father got a call that morning that the Cardinal couldn't find his speech. The city was virtually closed down due to the snowstorm and since my father lived in the city he was asked to go to the office near

Dupont Circle to get another copy of the speech. He walked across town through the snow but by the time he got back they had found the speech! So that's another reason why Kennedy's death made such a big impression. In those days all the inaugurations were on the east side of the Capitol.

Q: No, I didn't remember that. That's interesting.

ZENS: They switched, I think, at Reagan's inauguration so that people could gather on the Mall. But in those days the east side of the Capitol was a big parking lot where people could easily gather to watch events. In pre-9/11 days, we could walk up and see the inauguration. We wouldn't be that close, but you could see it. I also remember that my father stood all night in the line to see Kennedy lying in state before the funeral. The line went down East Capitol street, around Lincoln Park and back. And my father stood in line all night in late November to get in to pay his respects. We were really right in the middle of major events.

I also have the commemorative "No Parking" sign from Kennedy's inauguration. In those days they would print up signs on metal, for one day only; all the streets including ours were used for ancillary vehicles, and they would put No Parking signs on trees and lampposts several days in advance. As soon as the inauguration was over, my brother and I would cut them off for souvenirs. They stopped doing metal signs in 1968 I think. So, yes, Washington was an interesting place to live, especially on Capitol Hill.

Q: Wow. And I can't help but ask, you are there in the late '50s, early '60s, was there air conditioning?

ZENS: No. My parent's house never had air conditioning. It was a large brick Victorian house. When they moved into Capitol Hill it was not a fashionable neighborhood. It was a stable neighborhood but it wasn't fashionable. So they could buy a rather large Victorian house that was badly in need of renovation--having been used recently as a boarding house--for a minimal amount of money, but there was no air conditioning. However it was not an issue. There would be a week or two in the summer when the upstairs of the house was too hot to sleep in but the rest of the time it was fine. The very thick walls really retained coolness plus we had cross-ventilation with windows in back and front and we used fans. However when my brother and I came to sell the house in 2005, during a hot September, it was unbearable.

Q: Oh, it still didn't have central?

ZENS: No, eventually my parents put in window air conditioners in the bedrooms. But really it has been only in the last 20 years that the summers would start to get very hot in June and stay hot into September.

Q: Okay. And the other, of course, the other thing about Washington, well, a couple of small things; obviously the neighborhood you grew up in, if it isn't gentrified yet, it's on the road to being gentrified.

ZENS: It is certainly gentrified now, which of course is a mixed blessing. It is not as fancy as, say, Georgetown; it still has more diversity, which I love. It's a much more diverse neighborhood than parts of Northwest D.C. But it has become very expensive. But it wasn't gentrified at the time, and my parents were kind of urban pioneers, not, I think, intentionally. My father and mother for different reasons wanted to move into the city. My mother always wanted to live in the city, she was not a suburban type. And my father's job required him to be more in the city. They looked at a couple of neighborhoods and this was the nicest house, plus it was walking distance to my father's job. And of course, it was also walking distance to the Mall and all the museums, so I loved it and my mother loved it. But the week we moved in there was somebody shot in front of the house. At the time my brother and I thought this was exciting; these things never happened where we used to live! But now I wonder if my parents were concerned that they had made the wrong decision. However they both loved the neighborhood and until crack cocaine hit the city in the '70s and '80s there was not much crime.

Q: Now, was the high school, even though it was a Catholic school, was it at all diverse?

ZENS: Not really. We had a small number of African American girls in my class but the school was in NW D.C. which was predominantly white. The neighborhood parochial grade school that I went to for three years was more diverse. It was quite a mixture as it had local kids.

Q: And by then DC had been integrated?

ZENS: Yes, it had been integrated. I realize now that in the early '60s, when we first moved in, there was still a lot of discrimination at establishments in D.C. but I was not aware of it at the time.

I did notice, though, the diversity in our neighborhood and frankly, liked it. It was a lively and interesting place to live.

Q: And what about your diocese and church? Also, pretty much mostly white?

ZENS: Mostly white but still somewhat diverse, especially economically.

Q: Well now, okay, as you're growing up, obviously both parents are involved in education of some kind.

ZENS: Yes.

Q: Did they have you reading or were you interested in reading? How did, you know, books and reading for pleasure--?

ZENS: It was a total reading household. My mother was a librarian; my father was a journalist, so books were everywhere. My brother and I both loved to read; that was just part of our life.

Q: Okay. Then, in high school, were there particular subjects that you liked more than others that you got more involved with?

ZENS: I was always interested in history. I would say history and English were my favorite subjects.

Q: And it was an integrated high school, boys and girls, I mean?

ZENS: No, it was an all girls Catholic school.

Q: Now, take a second before we leave high school, your father began working on "The Catholic Standard"?

ZENS: Yes but then he switched out of that.

Q: That's what I wondered, yes.

ZENS: It was interesting journalistically for him but it didn't pay well or have great benefits. He started to do freelance work for the Department of Commerce in what is now called the International Trade Administration--which is ironic given my eventual career there--writing for international trade fairs. Commerce would be seconded by State to organize trade fairs and apparently they actually scripted them.

Q: Oh, wow; oh, I didn't know that.

ZENS: So he did these freelance jobs working on trade fairs, which also entailed international travel which he enjoyed. Then an opening came up on the international trade magazine at Commerce. So he became the editor of that. He was the deputy editor because the official editor was always a political appointee, but it was the deputy who actually did the work. The magazine had various different names because, as he used to say, the last thing a secretary of commerce did before he walked out the door was change the name of the magazine! (He may have exaggerated.) And depending on the focus, sometimes it was totally trade, sometimes they had other focuses as well. But that's what he did for the last 15-20 years of his career; probably 20 years because he worked until he was 67 or 68 to build up a retirement pension and because he really enjoyed it. He would come home with tales of working in the federal government, which convinced me that I would never work in the federal government. As much as he liked the substance of his work, every four years he had a new political appointee as boss. So, I never really expected to end up working for that department. My father hadn't been that interested in international issues before he took that job. My mother always was, and I always was and so was my brother, but that whetted his appetite also for international work.

Q: So, now, to return to the high school for a minute--

ZENS: Right.

Q: --was it big enough for there to be extracurricular activities of any interest to you?

ZENS: Oh, yes, we had a lot of extracurricular activities. I was in debate club and the art club and the newspaper.

Q: Well, the apple doesn't fall far from the tree.

ZENS: No, it doesn't.

Q: And any foreign languages?

ZENS: Yes. I studied French. Madam Bernier! Unfortunately Madam Bernier convinced us that we could never speak French. It was that old prejudice that the smart kids took French and the others took Spanish. I regretted this later because I probably would have learned more Spanish than I did French, especially since Madame Bernier repeatedly told us that we spoke it very badly. I really wanted to take Russian but there weren't enough students interested for a class. So I took Russian in college.

Q: Well, let me, before we follow you into college, was any of your brother's time in high school, did he go out for sports or anything like that that drew particular attention to him?

ZENS: Mine was not a particularly athletic family. My father was a dedicated golfer and my brother and I used to play tennis, which we enjoyed but neither of us had great aptitude for sports. He went to a Catholic boys' school, St. John's, which was a military school, and he had a lifelong interest in the military, and in particular the Air Force, which he joined.

Q: Interesting. So, now, in high school, obviously your parents are talking to you about college periodically, I imagine; what were the directions that you were thinking about going for college?

ZENS: I had this interest in Russia, so I looked for schools that had strong Russian departments. I wanted to go to a liberal arts college and one that was not too big but also not very small. This was before there was the range of choice there is now for women at liberal arts schools. So I looked at the Seven Sisters colleges and applied to Smith, which had a very strong Russian Studies Department and was larger than the others, a nice size.

Q: Great. You start college in what year?

ZENS: In '67.

Q: Okay. So, yes.

ZENS: Great years to be in college, yes.

Q: Oh, yes, counterculture and anti-war and all of that.

ZENS: Yes.

Q: How did that affect your experience at college?

ZENS: Wonderful in many ways. Those four years saw so much change, especially at a school like Smith. The way Smith was in my Freshman year, I could relate to every woman who had gone there for the past 60 years, but by the time I graduated all the social rules had changed. When I arrived, you couldn't have men in your rooms except for four hours on Sunday with the door open; you had to get permission from your parents to be able to take overnight trips; you had tea every Saturday afternoon. That was the way it had always been. We all arrived with nice little skirts and sweaters, but by the end of the first year we were all wearing jeans. It was that period of change. The only bad thing, in retrospect--at the time we thought it was great--they also threw out all the core course requirements. We still had requirements first year, so I did have to take a lab science, which I'm glad. But what that meant was that we could start creating our own majors, and I really did a very heavily Russian studies-influenced major. I eventually used all of that Russian knowledge but I think I had a somewhat unbalanced course load.

It was, however, an excellent education and a fascinating time. In 1970 there were the student anti-war strikes and demonstrations. At Smith we went on strike. I will never forget how the men came over from Amherst to "help us ladies" figure out how to do a strike and we told them to go home; we could do our own strikes, thank you. They may have been liberal in their politics, but they were sexist in their behavior!

Now, at Smith, again, were you involved, besides the political protests and so on, were you involved in other things? Did you, for example, take a semester abroad or anything like that?

ZENS: I did a summer program in Russia. They didn't have a semester abroad in Russia at that time, but through Dartmouth they had summer programs. I did that between my junior and senior year in 1970, which was fascinating because it was Brezhnev years and 1970 was the hundredth anniversary of Lenin's birth, so he was the only "advertisement" in town – his poster was everywhere, including a multi-story-high one in Palace Square.

Q: That's fine. Now, in college, of course you're in an all-girls school so you don't have the competition with boys and you don't have the professors telling you what are you doing, taking Russian and area studies or Russian studies, it's a boys' field, but you major in them and you're approaching the end of your colleges years; what are you thinking about doing?

ZENS: This was an era when, although these schools were relatively expensive, tuition wasn't that high, even in graduate school. As a result, you didn't have to be quite so practical. I had been taking Russian studies for intellectual interest and I applied to graduate school basically because I couldn't think of anything else to do with myself. I had not picked out that major because I knew what to do with it, and in fact, in that era, as I discovered even after graduate school, if you weren't interested in the NSA (National Security Agency) or the CIA, there wasn't a lot of interest. So, I hadn't thought much about what to do after college graduation. I almost went to Russia when I graduated. The family of "The New York Times" reporter in Moscow contacted the department because they were looking for an au pair that they could take to Moscow with them to care for their kids. I had absolutely no experience taking care of kids. I'd never even done babysitting, but I thought oh, it'll get me to Moscow. In the end, they wisely decided to pick somebody who had more childcare experience even if they had less Russian. So I didn't do that and it probably was just as well. But that was symptomatic of what an educated woman could do in those days. My mother even suggested that I should go to Katie Gibbs academy to learn how to be a secretary. Obviously, with a Smith degree I could be an "executive secretary"! In fact, a Foreign Service friend of mine who was only four years older than me went to Wellesley and then went to secretarial school and became a Foreign Service secretary. But I was too much a child of the 70s to do that. So, you're absolutely right. That is the reason, I think, why many famous feminists came out of Smith. When you're there, there are no restrictions on what you can do. You are encouraged to use all your talents, and then you would try to enter the working world and you're suddenly told no, those talents aren't needed.

Q: Right, right.

ZENS: Also, at the time, Smith did not do much to prepare you for a career. There was not much counseling or discussion of what you could do. There was still a sense that it was important that you be well-educated so that you could raise a well-educated, successful family and be the good wife. They didn't say that, but it was left over from the prior era.

Q: Oh. But then, in that case--

ZENS: There was no discouragement of a career and individual professors could be very supportive, but they hadn't yet as an institution figured out that they really should be doing more about it, which I'm proud to say that they do now. One of the main reasons I still support the idea of a single sex college is because it really does develop leadership skills in women.

Q: Okay. So, now, how--what were you thinking about for graduate school? What were your criteria or your--the direction you were going?

ZENS: Well, I was interested in international affairs and I still was interested in Russian studies, so I decided to pursue a Master's degree at the Columbia School of International Affairs, which had what's now called the Herriman Institute, then it was simply the

Russian Institute, one of the best places for Soviet/Russian studies. Plus it had the excitement of New York City!

Q: And again, focusing on Russian studies?

ZENS: Yes.

Q: Okay. In the focusing on Russian studies, were you also focusing on the security issues, in particular, you know, how there was at that time sort of an entire compartment of teaching about strategic balance and nuclear balance and all of that?

ZENS: Not so much the nuclear issues. My minor at Smith and then major at Columbia was on the political side; the Russian era that interested me the most was the first 25/30 years of the twentieth century when the country was undergoing rapid economic and political change. I was very interested in how societies cope with that. What I was interested in at Columbia was really economic development and political economy, which also carried over to Third World countries in the 1970s. My interest was in economic development and the political change that comes with that and how countries manage or don't manage it. I was moving away from the Soviet side of things and getting more into economic development issues. Russia still had a certain fascination for me, but it was from a more historical point than the contemporary, which was all about balance of power politics. My interests still did not lead to any specific career.

Q: So, now, this is very interesting, you're not going to go to secretarial school so what do you do end up doing after graduate school?

ZENS: Well, I needed to pay the rent, so I looked for a job. I did some research, part-time jobs associated with the university, but I always wanted something in the international field. Like a lot of people my age, I thought I should work for a non-profit and save the world, but the group which ultimately hired me was the U.S. Council of the International Chamber of Commerce in New York. I had no real interest in, or knowledge of, business, but they had a paying position and I liked the woman who hired me very much. So I started working for them, and it turned out to be quite interesting. The organization's headquarters was in Paris. Each national council had subcommittees on different issues. That was a period when the United Nations was actively focusing on corporate social responsibility and companies were concerned that there would be international laws that would restrict their operations. Consequently, they were willing to put money into an organization that would study these international issues, such as the environment, the Law of the Sea, etc. There was a small staff, but the companies would second executives to work on the committees and we would come up with policy papers. It was essentially a research organization for business. It was quite interesting because I hadn't had any connection with the business world up until then, and this gave me a different view of corporate interests and what drove them. So that was my first full-time, paying job in New York.

Q: And that was in the mid '70s?

ZENS: Yes. I got my Master's degree in '73, I started working for them in early 1974.

Q: And so, you could manage in New York on the salary you got back then?

ZENS: I did. And I was the first of my graduate school friends to get a job, so I felt rich on a very small salary. I had shared an apartment as a student, but I could afford a studio apartment on my own in the '70s, and eventually even a one-bedroom one. It was on the Upper West side before that neighborhood was gentrified.

So, I did that until 1978. Unfortunately, the management changed in our office and the new director was a very old fashioned business executive with every prejudice imaginable and he made our lives very unpleasant. He even tried to fire me because he did not believe women belonged in business and he wanted to make room to hire more men. Fortunately there was by then anti-sex discrimination laws that would have opened him and the organization to a lawsuit so he dropped the idea. But it was time to move on. A friend referred me to a position in the Ford Motor Company's International Governmental Affairs office in New York. It was a very small office and I viewed it more as a placeholder and a way to escape the unpleasant work environment. They also would pay for any academic studies that were work related and I had decided I needed a stronger economics background. So I started taking economics classes at NYU in the evening but the job itself turned out to be much more useful.

Long story short, I worked for less than one year in the New York office before I was offered, and accepted, a transfer to corporate headquarters in Dearborn, Michigan. The office in New York was very small and my job consisted of doing research work for the Director, Wayne Fredericks. He was a retired Senior Foreign Service officer, who had been hired by Henry Ford II to help the company deal with its thorniest international issues, including how to enter the Chinese market, get off the Arab boycott list, and respond to South African anti-apartheid issues.

As his assistant I went to conferences in New York run by various organizations, such the Japan Society, the China Society, etc., and reported on the findings. While many were very interesting, the experience also gave me a healthy skepticism of the "think tank industry". In particular I recall one meeting, six months before the Shah of Iran was forced out and our Embassy overrun, where the "experts" said that the Shah was doing fine and the corporate world should keep investing there. And a year later the same expert was claiming that he had predicted the Shah was going to fall!

So while the work in the New York City office was interesting it was more like going to university seminars than getting to know how business really worked. That is why I took the job in Dearborn, working for the Director of Government Affairs in the Latin American Automotive Affairs (LAAO) Division. It meant working directly with executives making decisions about operations overseas. Interestingly, when I was interviewed by my future boss, he said that there's only one part of the world that we're not interested in right now – the Soviet Union, my specialty! But he went on to say that if

you can figure out one part of the world, you can figure out another. That actually turned out to be a wonderful stroke of luck because it broadened my knowledge and experience beyond the Soviet Union, as I learned about Latin America, of which I'd only had superficial knowledge. It also promised me travel and work directly with the foreign nationals in the subsidiary companies in the region. The governmental affairs people in each of the subsidiaries reported to him on various issues and he also was responsible for looking for new business in Latin America.

Q: And was part of the looking for new business, obviously part of it was exports, but had they already begun moving any parts of their assembly into Latin America, into particularly--

ZENS: The reason why I liked working for Ford was that it was a very international company; it was a true multinational. They opened their first operation in Argentina two years after they started making cars in Detroit. They always had international operations. The reason why Ford never went into bankruptcy like Chrysler is because they had such strong international operations. When the U.S. market declined, especially after the oil crisis, Latin America was one of the regions that kept the company going.

Q: Interesting.

ZENS: But the international divisions had a very different culture than the North American division and until the '80s operated quite separately. The headquarters for the Latin American division had been in Mexico City and managed by an executive close to Lee Iacocca; when Iacocca left Ford and this executive retired, Ford decided that the Latin American division was a little too independent and they brought it back to headquarters. My boss, who had emigrated to the U.S. from the Netherlands after WWII, had spent his whole career with the company in Latin America. When he interviewed me, he described a much more free-wheeling office culture than existed in Dearborn HQ. While he could not operate the same way in Dearborn, he and his colleagues were still much more idiosyncratic than the typical corporate type and fun to work with. LAAO was the smallest of the divisions in headquarters. The biggest, of course, was the North American. European headquarters were in Europe, near London, and then there was Asia Pacific and Latin America. Latin America was a small division, but a very profitable one, and run by some characters, my boss included, which is one reason why he probably was willing to hire me. I was the first woman not to be a secretary in that division.

When I moved to Michigan in 1979 it was like going back 10 years in time. In New York, I was used to going to meetings where there would be other women who were professionals, junior ones like me, but we were professionals. I moved to Dearborn and everyone assumed initially I was a secretary because that's what they were used to. It was an education for me. I was from Washington, DC; I had gone to school in New England and lived in New York City, and now I started to understand my own country better. So, it was quite educational.

But it was a fun division because it was very small and I got to work with many more offices and higher level executives than if had I worked in the large North American division. I could have worked for many years in the larger division and probably never have been in a meeting with anyone above a director level. We were a small division and I was in meetings with the executive vice president; I got to see how things were done. They also paid for classes, so I started taking MBA courses at the University of Michigan-Ann Arbor in the evenings. I got a third of the way through the MBA program before I left Ford, but had taken all the basic courses, which I felt I needed in finance, marketing, etc. And I did get to travel in Latin America, to Argentina, Brazil , Peru, Venezuela, Colombia and Mexico.

It was a very interesting time in Latin America. When I started Latin America was doing well. The spike in oil prices meant that the Venezuelan and Mexican markets were booming and operations in most of Latin America were very profitable. But then the debt crisis came and corporate headquarters started to retrench. Overall it was a great education in how an industry operates, especially an industry like the automotive which employs so many people and has important consequences for the economies and governments where it operates. Some of the issues we worked on from the corporate side I later dealt with from the Government side relating to the US-Canada Free Trade Agreement and the subsequent NAFTA pact. It did not make me an apologist for the industry but it gave me a more nuanced understanding of how business operates, what it does well and where it can go wrong. I also learned how to work in a large bureaucracy, which proved to be very useful, especially later in my career when I took assignments in Washington. There are more similarities between private sector and public sector bureaucracies than there are differences.

It was a fascinating time but unfortunately, as I noted, it was also the period of the debt crisis in Latin America, and the first severe crisis in the auto industry, which Ford survived because of its international operations but still suffered major losses. So the job became much less fun. Whereas in the early years when I was in the Latin American division I had a lot of travel and we were looking for new business, the last two years we were preparing endless memos for senior management explaining why we shouldn't panic and pull out of existing markets.

One interesting anecdote: At one point they hired a new executive VP for our division who was from product planning and inexperienced at the senior corporate level. He was having some trouble keeping track of what his senior team was doing. So he decided he needed a secretary for his executive team meetings, and of course, thought of me, the female staff member. But my boss was brilliant: he said to me, you can be rightfully offended and turn this down, but these are the meetings where we make the top decisions for our division, before they go to the Board of Directors. You will hear things that you would never hear otherwise, and that someone much more senior to you in any other division wouldn't be privy to. It will be very interesting. So, I did it. And it was. He was right. I heard fascinating deliberations which were actually more educational than most of my MBA classes.

But by the mid-eighties, as I said, we were in a defensive mode, with fewer trips, and I started looking to leave Ford. They had an opening in their Ford of Europe governmental affairs office in London, and I thought that would be interesting but they ended up hiring a local person with less experience than me. I realized that if you weren't in finance or were a specialized engineer, they were not going to pay the cost to transfer you overseas and I wanted to work overseas. So, it was time to move on.

I often tell younger people looking at a career, that in retrospect my career looks quite logical, but in fact, it was the result of happenstance, at least until I got into the Foreign Service. You come to a crossroads, there's an opportunity, you take the one that seems best at the time, and somehow it works out.

Q: Wonderful. Well, this is actually a good place to break because you're now looking to leave Ford, the private sector, looking at government work. And so, we could pick that up at the next session.

ZENS: Great. That was kind of fun.

Q: So, today is April 23, 2019. We are resuming our interview with Karen Zens as she is making the move from private sector to the State Department, the Foreign Commercial Service.

ZENS: The commercial function of the Foreign Service had been shifted to the Department of Commerce from State in the Foreign Affairs Act of 1980 and the US & Foreign Commercial Service (FCS) was established at Commerce. Commerce invited commercial officers at State to switch over. Some did, some didn't. So Commerce had to fill its ranks, both at mid-level and at entry-level. For the mid-level officers, they looked for people with relevant trade and business experience.

They created their own officer assessment process. In those early days, you sent in a resume, a writing sample and recommendations from business employers that demonstrated relevant business experience. If they thought that was sufficient they invited you down for a formal assessment. In later years they came up with a different first step. A friend of mine, a business acquaintance, was in the very first group that went through this process and ended up being assigned as commercial attaché in Argentina. When he told me he was leaving his job to do this I was intrigued. Ironically, at the time my father worked at the Department of Commerce, but he had not mentioned FCS to me. I asked him about it and he found out some information for me but I was still hoping to work internationally with Ford so I did not pursue it then. Two years later I contacted my friend, the attaché in Argentina, and asked him about the work. He was quite positive so I decided to throw my hat in the ring.

I sent in my paperwork, which was accepted, and came to DC and passed the assessment. So, that's how I entered. It wasn't as systematic as at State. They were taking people in as they passed the process, so we didn't enter as a class in those earlier years. Of course, once you were told that you've passed the test, you still had to get security and medical clearances, which could take time. This actually worked in my favor because while the

security clearance wasn't a problem, the medical clearance got mixed up and took longer than it should have which ultimately affected where I was assigned.

What happened was that because I had some Spanish language skills from taking Berlitz courses in Dearborn while working in the Latin American division at Ford, they were going to assign me to Bogota, Colombia. The economy was doing very well, but that was in the drug war years, and by the time I got the security clearance it was no longer desirable to have an additional commercial officer in Colombia. So suddenly they announced that I would go to Korea, despite the fact that I was not off language probation and Korea was not a language designated post (i.e. one where you had to learn the local language.) This is how disorganized things were in those early years of FCS; they said you can study Spanish while you're in Korea – not the best way to learn a language. Fortunately, by the time the medical clearance issues were straightened out, they needed an additional officer in Spain so I was assigned there. Spain was just about to join the EU, the economy was booming, and it was determined they needed a third officer in Madrid. I thought I had died and gone to heaven because, in fact, my very first choice would have been Spain!

Q: And, again, what year is this?

ZENS: This is '85. At that time, Commerce had no real training program for their new officers. They did send me to the first 2 weeks of the State Department A-100 class where you learn the basics of what the Foreign Service is and how it operates which was useful. I also got a couple of weeks of language training at the Foreign Service Institute. But they needed someone in Spain right away because the second officer position also was vacant, and they were having more trouble finding a more senior person for that slot. So they filled the new third officer position with me and the post wanted me there immediately. I got my Spanish language proficiency up to the 2+/2+ level (3 is minimum work-level proficiency) and they said I could do the rest at post. They then sent me out to a domestic office to see what the domestic side of FCS did.

Q: Now, when you say domestic you mean in the U.S.?

ZENS: Yes. The Commerce Department always had a system of domestic commercial offices; their role was to help U.S. companies, including to encourage them to export overseas. For example, they would recruit companies for trade missions overseas. When State had the commercial function, they would refer the companies to the commercial section of the embassy for assistance in country. Once FCS was created at Commerce, the domestic side was combined to create the US & FCS, although they had very different cultures. The domestic staff were Civil Service employees who lived in their communities and knew their local businesses but were not necessarily conversant with foreign markets. Now they had to work much more closely with the overseas staff. So I visited a couple of domestic offices before I left for Spain, but as far as training in what I was actually going to do, they just handed me a big book (this was pre-internet days) that described every program we had and said there you go. It was very much on-the-job training. Moreover, I walked into an office that was already very busy and was short

staffed. In some ways this worked to my advantage as I was immediately thrust into a wide range of the work and had to learn the job very quickly.

The other challenge when I got there was that it was October, a very busy time of year. The business world, especially in Europe, was rather like the academic one, with the Fall through Spring being very busy and the summer when everything slows down. So, everything was ramped up when I get there. On top of that, at the time, Spain was what was called an LQA (Living Quarters Allowance) post, where the housing office gave you a list of potential apartments and you were on your own to find a place to live.

Q: LQA, living quarters allowance.

ZENS: A certain amount of money was allocated for you for rent and it was up to you to find a place within that budget. There were guidelines on what size place you could rent, and the Security officer had to approve the specific place but the rent money really determined what you could find. So here I am, brand new to the Foreign Service, to the Commercial Service, to living overseas, and I'm running around on Saturday mornings (in those days businesses closed at 2 pm on Saturday and were not open on Sunday) looking for a place to live. It was all an adventure!

It really was a wonderful first assignment. Because these were mid-level assignments at the time, it was a full assignment, and for Commerce that was four years. Our tours tended to be four years in stable places, two or three if there was any kind of danger or health hazard. Spain obviously wasn't that. So I was able to find a nice apartment and get going on the job. And it was a wonderful time to be there both from a professional and personal perspective. I had a full four-year assignment, which meant I likely would have to be tenured based on just one assignment. Even though the Commercial Service had been shifted to Commerce, we were commissioned officers of the Foreign Service just like State officers and we followed the same regulations. That meant that you had to be tenured by your fifth year or you were out, and you had to pass the language test to be tenured.

But Spain was booming, and it was an exciting time. It was 10 years after Franco's death, and they joined the EU officially the month before I arrived. They were learning all the new ropes of Europe and the country was going through a generational shift. The Socialist Party had just been voted into office. 50 years after they lost the civil war they were now in power and they were young, and excited to do this. They didn't quite know what they were doing sometimes but they were very open. And in the business sector there was a generational change as well. The younger generation in the big family firms which still dominated many sectors was taking over. A society that had been quite closed, almost shut out of Europe and very conservative under Franco, was making up for lost time. We liked to say they were being hippies and yuppies at the same time. It was both socially and business-wise a fascinating time to be there. We had the challenge-- that was also an advantage--that Spain was not well understood in U.S. business circles. We would get trade missions that would be recruited to go to London, Paris, with Madrid or Barcelona as a last stop. Nobody knew much about the Spanish market, but they wanted

to go to England and France. When they'd get to those stops it would be fine, but frankly, people in England and France were used to doing business with Americans and it was all rather routine for them. In Spain where their expectations had been low or non-existent they were always amazed at the dynamism of the market. We really were able to arrange some wonderful business opportunities for them.

There are two strands to traditional commercial work. One is trade promotion, where you bring companies in, either with a mission--a group of companies in the same sector usually, or to a trade fair, or individually through a program like the Gold Key--a program pioneered in FCS Mexico which was like a trade mission tailored to an individual company. Our office in Spain was at that time run by a senior officer who had served in Mexico and brought the idea of the Gold Key with him. It was an incredibly successful program, which was replicated around the world and continued to be one of the best services FCS offered, especially for inexperienced exporters. The Gold Key program meant that you did not have to wait to recruit a group of companies but could help them individually as they came to you, either directly or through a domestic office. Spain was an especially busy market for the Gold Key service.

Q: Are there any particular examples that stand out in your mind?

ZENS: From Spain? I am afraid that is too long ago to remember individual companies which we worked with at that time. The one point I should make about the Commercial Service is the composition of our offices and the importance of our local staff. In a medium sized country like Spain there would be three officers at most in the office, but we would have maybe 10, 12 local staff who might include a couple of administrative staff and the rest would be our Trade Specialists. They are the absolute heart of the business because they know the local economy and they are specialized in certain sectors. Some come in with the knowledge and contacts, others learn it over time; they might be the IT, security equipment, health care or the environmental technology specialist. From time to time there would be additional training for them, including programs in the U.S. so they could learn more about that sector. But they made the work so interesting because you were working very closely with people from the country and they're teaching you, helping you understand the nuances, and they are the continuity as officers transfer in and out. We had some very good ones in Spain and they enjoyed getting out and doing our programs. We were not bureaucrats sitting in an office.

On the trade promotion side, you would do these Gold Keys, trade missions, and trade fairs were also important. There are a certain number of trade fairs in a specific country that are important; you try to recruit companies to come to them, to exhibit their products and services and get to know the market. Eventually, over time we started to create a European network of trade shows for U.S. firms to attend. Instead of competing among ourselves for U.S. companies, who usually had limited time to travel-- "you must come to the trade show in Madrid; no, no, the one in Paris is more important; the one in Vienna is the best" --we created what we called Showcase Europe where the senior officers in each country would get together and agree which shows in which sectors would be promoted that year.

In Madrid the FITUR, the travel and tourism show was a very important show. Spaniards were just starting to do travel more and they didn't know the U.S. as well as other people in Western Europe. There isn't a big Spanish diaspora in the U.S. so we weren't their logical destination. Now they wanted to see more of the world so they were a good target market. This was one of the sectors I worked on and this trade fair was a major effort every year. Those were the days when people still relied on travel agents, so what you did was bring in the companies who were the wholesalers who created the packages that the retail travel agents would sell. You would try to sell the wholesalers on including U.S. destinations. The challenge was that the U.S. does not have a national tourism agency; it had a very small tourism agency which got eliminated a number of years later in a budget cut. As a country we just assume everybody wants to come. Whereas countries like Spain and France spend tons of money promoting themselves as a tourism destination, the U.S. relies on individual states, hotels, airlines, etc., to do the promotion. To support this we would set up a Travel USA Committee composed of the local representatives of the big travel companies, local tour operators and various U.S. states. They would pool their money to put on an event or have a pavilion at the trade fair and they would ask us to organize it because we were the neutral representative.

But we depended on their financial and material support, so the first part of diplomacy was getting this committee to work together and agree on what they would do and how much they would be willing to spend, and listening to their complaints, especially the fact that the US government was not contributing any funds or even tourism materials. So that was a diplomatic challenge and then there was just the practical side of setting up the pavilions, which was fun but also very work-intensive. The fairs ran for five days at a time and you worked all day, including the evenings and the weekends, because the weekend represented big business for these travel agencies. I have mixed feelings about my time with the travel and tourism sector in Spain because, although individually these representatives on the Visit USA Committee were lovely people, Spaniards are very individualistic, and don't necessarily get along well. It was an interesting if stressful challenge!

The other side of commercial work is trade policy, and that's a side that we shared with the economic section of the embassy. The division of labor is not entirely cut and dried. It is something that you work out in each embassy. If you're lucky and people on both sides are cooperative, you come up with a complementary arrangement that draws on the strengths of both sections. If it's a busy post it usually is fine because you're happy to divide the labor. If there's not as much going on, then you can have clashes because everybody wants the "juicy" part that will give them something to put in their personnel evaluation.

We worked pretty well together in Spain. It was a busy time with their entry into the EU. One of the issues that was interesting to me--which was not major at the time but which later gained much more attention--was product standards and certification. People were concerned about tariff barriers, but most of the tariffs had come down, especially once Spain joined the EU. There were a couple of sectors, mainly in the agricultural area,

which is the domain of the Foreign Agricultural Service, where the EU's tariffs were higher than Spain's; there weren't many on the manufacturing side. However, there were different standards, which could be used to protect local industry. I remember one very open Spanish official told me that "we don't have tariffs anymore, but I know everybody else uses standards' certification, so that's what we have to use too." And that was what they were doing in the IT sector. Personal computers, PCs, were just hitting the market. IBM and another American company had operations in Spain, so they were viewed as Spanish, and had no trouble getting their computers into Spain. But the others (we were still making computers in the U.S.) were finding that their official paperwork has not getting reviewed, it was just piling up. That's when I went to see this very pleasant gentleman who said he had to help their local producers and he understood that that's how the rest of Europe does it. I raised this issue at Commerce, and, interestingly, at the time people were not that interested, viewing it largely as a "technical issue". Eventually, they came to see it as a major non-tariff barrier. In the meantime we did our best to help the U.S. exporters get their paperwork reviewed.

Q: Now, speaking technical standards, the '80s was still a very hot time for videocassettes, and of course, there were two- the two largest were VCR and PAL. Was that also an issue that you had to work with? Because the Europeans had a different system, basically.

ZENS: No, we do not object to different local standards if they are objectively based and fairly applied. It is one of our roles to explain to US exporters that their products must conform to local standards and help them understand what those standards are. Video producers understood PAL and the market was big enough that they made PAL and sold PAL. A better example were American textiles. We had a significant textile industry and American textiles were very popular, especially colorful sheets with interesting designs. But European beds are a different size from U.S. beds. We had to explain to these fairly large manufacturers who were used to selling to the U.S. market, that people in Spain would love your printed sheets, but they must fit their beds! A lot of our role in promoting exporting to U.S. companies is explaining that yes, there may be a different standard but look at the size of the market; it's worth it to you to make that adjustment. If an existing standard is set by a national or internationally recognized agency we don't quarrel with it. However, when a new product comes up, we lobby in these organizations that the standard that is used in the U.S. be applied or to allow multiple standards so that U.S. products have access to the market. We also want to make sure that the process of certifying that a product conforms to the standard is administered fairly and expeditiously.

The kind of policy issues that we dealt with tended to be the ones where individual companies complained about unfair treatment. We would send the complaint to Washington, let Commerce and sometimes State or USTR (United States Trade Representative) decide whether it was a legitimate complaint, and then if it was we would advocate on behalf of the company to the host government. The rough division with the Economic section was, if you were advocating for a specific company or group of companies, we would handle it. If you were arguing for a broader policy change, then the

economic officer would probably take the lead. Sometimes it was hard to determine where that line was, and when the relations were good you would go in together. These issues were all still being sorted out, because obviously, when the commercial function was part of State that was an in-house issue, and now it was between two different agencies.

The great thing about the Spain assignment for me was that it gave me both substantial trade promotion and trade policy experience in my first assignment.

Q: Were there, among the tons of changes in opportunities for American firms, were there Spanish government contracts that you were trying to ensure were open to bids from American companies?

ZENS: Yes, there were, especially in aerospace, and particularly because Spain had a company called CASA (Construcciones Aeronáuticas, SA), which joined Airbus as a junior member. So, of course, we ended up with the Boeing versus Airbus, and sometimes GE versus Rolls Royce. The aerospace is an industry where there's always some advocacy. But I can't think of too many areas where government procurement was a major issue for us at the time. Spain had a lot of large companies that weren't government owned, but they were very Spanish. So we were trying to introduce U.S. companies to them but this was not government procurement per se.

Q: Okay. Now, and you're described pretty well that your relations with the embassy were good, that there weren't a lot of friction.

ZENS: No. The only issue we did have friction, and this took many years to resolve, was on the administrative side. The Administrative section in an embassy is another one where the vast majority of work is done by the local employees, and they were not used to thinking of us as their clients. They saw us as another agency. At that time under the old administration system, Commerce and other non-State agencies paid in Washington for the administrative costs that they negotiated with State. It all happened in Washington and was not seen at the post. Typically when we would request something to be fixed in the office, the FSN, (the local national employee - Foreign Service National, as they were called) would say: you're not State, we don't have to do it. I'd have to insist that we are a foreign affairs agency and we paid for this and maybe have to take it up with the supervising officer. So there was a lot of friction on the Admin side, mostly on petty things. There were many complaints on both sides -- because the admin section genuinely felt that they were giving us services, and the receiving agencies, felt that we were not getting our fair share -- that they eventually, 10 years later, switched over to a different system, called ICASS, where administrative costs are negotiated and paid at post. (ICASS had its own issues but that is another story.)

When I joined, it was mainly the foreign affairs agencies that had staff in the Embassies and Consulates. Over time, almost every domestic department in the U.S. wanted to have somebody overseas instead of being serviced by the foreign affairs agencies, so it became more important to have a different Admin arrangement. However when I joined it was

still the traditional foreign affairs agencies and the Admin section was not used to dealing with the non-State agencies. But generally in my experience it really reflects more the personalities than anything else. There are cooperative people and there are non-cooperative, and they're scattered around all the agencies. And some posts are better managed than others.

Q: Now, you were tenured during this tour?

ZENS: Yes.

Q: And at some point, then, and as the four years in Spain come to an end sometime, what were you thinking of for a follow-on post? What were the- your thoughts or criteria for where you would want to go next?

ZENS: I can't remember what I was looking for. I don't even remember what was appealing, but I just remember it wasn't a very exciting list for my grade. So, I ended up going to Canada as an attaché. It was a stretch assignment, i.e., an assignment above your grade, which theoretically, if you do a good job it makes it easier for promotions. So that was in its favor, and the U.S.-Canada free trade agreement had just been signed, so there was supposed to be a lot of follow-on trade promotion work to be done and maybe even some trade policy follow-up work.

Q: And U.S.-Canada free trade is separate from NAFTA?

ZENS: This was the precursor to NAFTA.

Q: Ah, yes, yes, yes.

ZENS: And in fact, it was built on by the North American Automotive Agreement, which I knew from Ford, which was just starting when I worked for Ford. So, it was kind of a natural. I got to Canada and I will cover Canada rather fast because I didn't do the whole tour. I arrived there, it was a four-year tour; I took one look at this place and thought, how am I going to be busy for four years? Because in fact, I went to Ottawa, which was the number two position, but Canada is a very decentralized country. The business centers were really Montreal, Toronto and Vancouver, where we had officers in the consulates there; they got most of the trade promotion work. There weren't many trade policy issues. There was a very good economic team there that my own agency in DC was used to working with. The trade policy people at Commerce at the time were separate from FCS (it has since been reorganized). My desk officer for Canada blithely informed me he didn't even need me there because he had a nice relationship with the Econ officer. So, that was my introduction to working in Canada. As it turned out, I got along very well with the econ officers.

The one area that had developed recently and which Economic officers weren't particularly interested in was product standards, so I did do some standards work. But it wasn't the most exciting assignment, especially after Spain. My boss was a wonderful

man who was a Chinese American and had just come from Asia and was used to big Asian cities; I'd come from Europe, and we used to look at each other and wonder. It was a lovely place if you had a family but I was single. You usually could leave work on time. I took an art course at night which I actually attended as there were few evening obligations, something I was never able to do again overseas.

I was looking for a challenge when the Soviet Union ended. I had buried my extensive Soviet/Russian studies on my resume when I joined Commerce because I was not interested in export control issues, the main Commerce function during the Cold War. With the end of the Soviet Union, the top priority was to help the transition to a capitalist system in the former Soviet Union, including setting up new FCS offices there. One was to be in Leningrad, where I had spent a summer 20 years earlier, so I quickly volunteered for that post. Once I pointed out to our HQ that I had been a student in Russia, I got the assignment which meant leaving Ottawa 1 1/2 years early. In fact we almost "emptied out" FCS Canada. Our officer in Vancouver was a Ukrainian American who spoke Russian and Ukrainian and volunteered for Kiev. The second officer in Toronto was our only Hungarian speaker and he left for Budapest. Our senior officer in Toronto volunteered to be the senior officer in Moscow and became my future boss in Russia, which was great as we already worked well together.

Q: Now, so, when do you leave Canada for Leningrad?

ZENS: I was assigned in '91 when the Soviet Union ended and arrived in September 1992 after 6 months of language brush up in Washington DC. Commerce was contracted by AID to use some of the funds allocated by Congress for programs in the former Soviet Union. They were wide ranging programs, but some were regarding business development and Commerce was tasked to take those on. We were allocated the money and then under pressure to get the programs up and running quickly to help develop business in the former Soviet Union and also the former Eastern Bloc.

I was assigned to Leningrad, but I reported to St. Petersburg. (The name was changed back to St Petersburg in 1991.) I had been there in 1970 as a college student, and that was very helpful because I knew what the old Soviet world was like. 1970 was the hundredth anniversary of Lenin's birth. He was the only ad in town. And suddenly, the world was changing. The old rules were thrown out, the new rules weren't in place yet. Russians could now fraternize with foreigners and travel abroad and wanted to do both. It was the most exciting assignment I ever had. Things changed in front of your eyes. Some things could still be very Soviet, others were totally bizarre.

I was originally assigned to open a small office attached to the consulate: one officer, a secretary and two trade specialists. Then, more money came to Commerce from AID to open American business centers in major cities outside of Moscow. In the Soviet system, all foreign business was conducted in Moscow at government ministries even if the investment would ultimately be made elsewhere in the country. Now central decision-making had ended and business representatives had to deal with the localities directly. Even in big cities like St Petersburg there were not facilities, including places with

international phone and fax (this was still pre –internet) where they could conduct business. Therefore Commerce was tasked with setting up business centers and St Petersburg was one of the first. So suddenly my assignment had expanded and I had to find suitable office space.

Washington naively thought that it would be very easy. They thought that the local government would be thrilled to have a business center that would attract foreigners to their city and maybe would even offer me office space for free. It could not have been further from the truth. When I arrived, the consulate US Information Agency (USIA) officer was negotiating for rental space in the old Lenin Museum to house their office and mine. Unfortunately that quickly fell apart as turning the Lenin Museum into an American Business center was a cultural shift too far for this suddenly post- Soviet world. So I was on my own to find space. The Consulate did not have enough space for me; I initially occupied the USIA closet. It was their storage room with barely enough space for a desk and 2 chairs but that was the only space available while I simultaneously handled requests for business meetings from Americans and Russians while searching for office space. Even if there had been more space in the Consulate it would not have worked as the entire Consulate was still off limits to local Russian staff, following the Marine spy scandal at the Embassy in Moscow in 1987, and I need to hire Russian staff.

I was able to buy an office car (a Ford! - the first American car dealership in town) and hired a driver to help me with my search. Of course, I started at the mayor's office. Far from offering free space, they put me in touch with some very doubtful people, who demanded exorbitant rates for space they may not even have had authorization to rent. I remember going to one derelict building that looked like it had been bombed out in World War II. The Russian looked at me and says, "Ah, you are from the U.S. Government, you can rent it for \$1 million." I started to laugh and he quickly said, " half a million?" They had no idea what to charge but they all assumed the U.S. Government was rich.

But in the meantime, I had to start commercial work because Commerce had sent out press releases from the moment I arrived with my little laptop that we were open for business in St. Petersburg and Kiev. My Kiev colleague had the same problem; he was operating out of a hotel room. Fortunately for me the Regional Security Officer (RSO) – a great officer-- came to me one day and he said there was a small cruise ship, The Peterhof, moored on the Neva River that appeared to be renting space to businesses. It was a Swiss-Russian joint venture that ran cruises down the Volga in the summer and moored in St Petersburg in the winter. Because of the shortage of Western quality hotels in the city they had begun renting out their very small but well located cabins to visiting businessmen. It was already December and I had arrived in September. I really needed to find space.

Q: It's still 1991?

ZENS: '92. It was 1992 by the time I arrived in St Petersburg. The RSO thought the ship was rather nice and very secure. There was only one egress; it was managed by the Swiss,

but had big, burly Russian sailors in the basement for protection. Since my work was all unclassified that was fine. I went to talk to them and they were happy to rent the library space for my staff and a cabin for my office. They had a nice lunch buffet and it was docked right in town. So that is how I became the “boatperson of FCS”. I signed a three-month contract, with month-to-month options after that, assuming that I would not need it much longer. I was there a year-and-a-half before I could move into permanent space! But with that unusual space I could hire my first local staff, two wonderful people: a woman, Irina, who had excellent English and secretarial skills having worked for a Russian export company in India, as office manager and a Russian entrepreneur, Misha, who had attempted to set up his own business when the first private cooperative businesses were allowed, as trade specialist. I found both through my excellent driver, Dima, himself a trained photographer.

We were very busy. We had companies coming in all the time; the first year I worked on Saturdays and sometimes even on Sundays. It seemed like everyone was curious about doing business in Russia and St Petersburg was clearly the most attractive place to explore. We did a form of the Gold Key service. We also carried out rudimentary background checks for US businesses on potential Russian partners. In most markets this service entailed checking with banks and local credit agencies; since such entities did not yet exist there or were very sketchy themselves, we literally went to the address on the business card to see if the firm even existed. We would report what we found and even this was incredibly valuable and appreciated. Companies really needed help in negotiating this totally new landscape. We had large companies and small ones showing up every day. A lot of big companies were surprisingly naïve about Russia. Even if they had prior experience there, they were used to dealing with the ministry in Moscow, but now the ministry wasn't making decisions, and they weren't used to working with local entities. And these entities were not used to negotiating with foreign firms. So we really helped both sides as we learned ourselves. It was an extraordinary time.

There was a lot of interest in defense conversion. We were getting business delegations because Congress had allocated money (the so-called Nunn-Lugar funds) that could be used for an investment if you could make a deal with a former defense factory or institute to convert it to producing a consumer product. It was fascinating. St. Petersburg after Moscow had the most defense-related industries. I remember going to one major factory and the working conditions were terrible, dim lighting, primitive bathrooms, a really horrible work environment. And of course, they were paid the employees very little. The old Soviet joke was, “you pretend to pay me; I pretend to work”. So in fact, most of the American companies who were interesting in establishing operations in Russia preferred to start from scratch rather than attempt to remodel the old factories and take on workers demoralized by the old system.

What I found with my staff, though, is that when the Russians, who were very well educated, were given responsibility, recognition and rewards they were outstanding. No local staff in my career exceeded their performance – and I had excellent staff at all of my posts. The women, in particular, were thrilled to be given equal responsibility and to really use their talents. The staff, of course, were inexperienced in this work but very

quick learners. For my secretary, the challenge initially was to take initiative and not be afraid of making a mistake. In the Soviet system it was better not do anything than to make a mistake! Once I convinced her that she would not be fired for misfiling a paper but I would be unhappy if she did not file anything, there was no holding her back. She solved so many problems and saved my sanity. I eventually had more staff to handle both Commercial Service work and the business center. After the first year I had a second officer, which really helped, although he too was new to the Service, but with excellent Russian skills. We felt like we were all pioneers together. The staff was mixture of “older” (30s!) Russians - - my first employees, who had some previous work experience, and younger Russians right out of university. Most foreign companies just hired people straight out of the university who had never worked in the Soviet system.

This was the fun -- all of us learning and the crazy experiences we had together. For example, when we needed curtains for the new office, I asked my driver where to get them since there was no business directory. Dima was a true “Mr. Fixit”. He drove me to the back door of one of the major state theaters, where the official seamstress, agreed to make Austrian curtains for our entire office for \$40, which was way more than her government salary paid her in a month. They were done on time and were lovely. This however, illustrated a problem that I ran up against, especially in setting up our temporary office on the boat. We had a complete set of office furniture in a warehouse in Helsinki waiting for our permanent space, but in the meantime I need desks, chairs, filing cabinets, etc., for the boat. We were living in a crazy cash economy. If you saw something you bought it immediately with cash, especially hard currency, because it would be gone tomorrow. So I was buying furniture with my own cash and putting in for reimbursement, which is completely not according to U.S. government regulations. Other people were having this problem too as they opened new embassies in the former Soviet Union. To support these office opening efforts, State had set up a centralized administrative office in Frankfurt, Germany and we were getting in trouble with this office with our purchase of furniture and supplies in cash with handwritten receipts for reimbursement. Finally, they sent the senior admin woman, a German FSN, to investigate the problem. Fortunately, when she saw and understood what we were dealing with she set up a system to enable us to do it without getting in trouble with the regulations.

One of the fascinating things about being in the former Soviet Union at that time was that you were dealing with people whose educational level was very high, especially in math and science as well as overall culture, and yet they had never worked in a capitalist environment. The poorest peasant in a third world country had more experience with a capitalist system than these otherwise well- educated Russians. The Russians had to learn it all at once. They’re smart, they caught on. Although some of what they learned wasn’t very helpful. It was a crazy mixture, a crash course in capitalism, often influenced by what they had seen in bootleg movies and Mexican telenovelas. We would often get visitors who had just come from Poland or Hungary, and they would be amazed at how much more backward things were in a major city like St Petersburg. I would have to remind them that Poland and Hungary until World War II, were part of Europe with thriving businesses, whereas no one currently alive in Russia had ever had that experience.

For us Westerners, those early, post – Soviet, years were an amazing experience and we all helped each other. We were all “start-up operations” even if I was opening a government office and another represented a major multinational. For example, we were all looking for office space; rather than competing, we would share tips. If I saw something that might work for another firm but not for me I would pass it along. Similarly if we saw something we might share we considered that. At one point, The Honeywell representative and I found a floor in a centrally located scientific institute that looked very promising. My office could be located in front and Honeywell in the back and the Institute Director was very happy. He was no longer getting funding from Moscow and needed resources for his institute more than the extra space. Then all of a sudden, I get a call that the deal was off. Apparently when the Institute Director told his superiors in Moscow about the arrangement he was told that Honeywell was ok but not my office. I was mystified, since US- Russian relations were good at the time. The Honeywell rep, who did not take the space, came to the conclusion they did not want me in the space because they would not be able to extort more money from the US government but could from a private company.

On another occasion, a local American lawyer came up to me at a reception to warn me about doing business with an Indian property developer that the lawyer had heard I was in discussions with. I took his advice and was glad. A year-and-a-half later the Indian was found floating in the Neva River. He had cheated somebody he shouldn't have cheated. This was the weird world you were dealing with. It was a city of four million, but the expatriate community was quite small and everyone knew each other, good or bad.

Another surprising aspect of the foreign business community was the number of small companies in this new market. I had expected that my clients would initially be large firms with the deep pockets. But in fact big firms were not necessarily at an advantage because they, like a government bureaucracy, had to report back to headquarters and follow procedures that did not square with the freewheeling atmosphere. What you found were some small, new enterprises, often run by American graduate students of Russian who stayed on because they were fascinated and set up businesses. One was a personnel agency set up by two young American women who tapped into their network of Russian friends at the university. They started supplying candidates to the foreign companies and consulates; they were successful for many years and eventually sold their business to Kelly Services. Similarly, I ended up working with a young American woman who ran a real estate business, affiliated with a Dutch firm, who found and developed for me the property that became our permanent office.

At that time, the real estate sector was truly the “Wild West”. There were not yet any regulations since all property had been owned by the government. There was a lot of demand for commercial space but the government was still trying to figure out how to draw up new regulations. In the center of St. Petersburg there were many once beautiful buildings that had been turned into horrible communal apartments after the Russian Revolution, where a family might have two rooms of their own but had to share a communal kitchen and bathroom. Further out in the city there were what we would

consider rather ugly mid-rise buildings but they had real apartments with your own bathroom and kitchens. Under the existing rules, you could trade your space in one place for another. There was no commercial market per se and the communal spaces weren't condominiums that you could sell but you could swap. So what this real estate agent and some other brokers did was help each family in a communal building find space in an apartment building that they wanted. Once they had arranged trades for all of the space in the communal building they would control the entire building which could then be renovated and rented for commercial space. But they had to get everybody in the building on board. As you can imagine, it was a labor-intensive and time-consuming business.

I was shown a place that had been the residence of the Danish ambassador before the Revolution in 1917. It had been divided up into many communal units. I was warned not to say anything in the building lest my American accent cause someone to hold up the process for more money/space. But I was told to look at the ceiling molding in each unit which would give me an idea of the dimensions of the original rooms. Sure enough, I'd see one tiny little space but with interesting molding which continued into several other units. It was the grand ballroom, now housing several families. In the meantime, my FCS colleague in Kiev, who had also been looking for property, early on had found an Institute that was willing to rent to him. He rented it unfurnished and then had to get in the queue of OBO, the Office of Building Operations at State, which was in charge of doing the building construction and renovations for the new embassies in the former Soviet Union. OBO is the only agency that is authorized to do civilian property development for the U.S. Government overseas. My colleague had rented the office space two months after he arrived in Kiev in 1992 and was still waiting for renovations 18 months later. Consequently, he warned me about renting unrenovated space. So the real estate agent and I worked out an arrangement whereby I would contract for renovated space. It was complicated because we had to negotiate all the renovations before the lease was signed and I had to convince OBO to let me do this. With my HQ's support we convinced OBO and they even sent someone to help me figure out what the renovations should look like. It took a while but was still faster than waiting for OBO to do the renovations.

The reason why the real estate firm was willing to go along with this complicated scheme was that I was taking the front part of the building which had a central courtyard. With the USG as an "anchor tenant", they had lined up prestigious Western law and accounting firms for the rest of the space. Our local guard made all of the space safer and more desirable. (We were not worried about terrorism but crime and theft had become more of a problem in St Petersburg.) A U.S. Government property with its guard in front made the entire building much more attractive to other commercial tenants. And so we finally moved into our offices "on dry land" in September 1994, two years after I arrived. My colleague in Kiev, who arrived at his post before me, had not yet moved into the renovated space when his tour ended in 1995.

The official opening of the American Business Center and Commercial Service Office took place on September 9, 1994. Our Assistant Secretary of Commerce who was in charge of Commercial Service had come from Washington along with other dignitaries

from HQ and my boss from Moscow. There was some type of disagreement between the mayor's office and the Consulate at the time so the Mayor did not come but rather sent two Deputy Mayors : the Deputy Mayor for International Affairs, Vladimir Putin, and the Deputy Mayor for Economic Affairs, Alexei Kudrin (who later served as the Finance Minister under Putin in Moscow for several years.) At the time I was disappointed not to have Mayor Sobchak at the opening but in retrospect, I have much better photos of me cutting the ribbon with the future President of the country!

That was our grand opening. The sad coda to this is that a year after I left in 1995, the ceiling of the building collapsed, fortunately not harming anyone and the office had to move yet again. Our Dutch landlord had become greedy and rented the floor above us, which was more of an attic, to another business and the ceiling there could not support the heavy business equipment which offices used in those days. Russian businesses were often shortsighted and greedy in those chaotic days but this was a greedy Western firm that caused the problem. It was a shame, because we had worked so hard to get this great office.

It was an amazing time. There were no rules. The old rules had been thrown out and the new rules hadn't yet been established. Having been there in the Soviet period I could truly appreciate the strangeness of the time. When you ran into a Russian businessperson, or a government official, you never knew exactly what to expect, someone with a Soviet mindset struggling to understand the new way of doing things or perhaps a younger person who was maybe too comfortable with the "anything goes" environment. I firmly believed that you can't tell people for 70 years that capitalism is a license for greed and abuse, that there's no such thing as business ethics, and not have people absorb that. Moreover, in the early post-Soviet years, there were lots of programs to teach Russians basic business principles in a few weeks, maybe with a month in London to improve their English as well. Which was almost dangerous because they would come back using all of the business terminology without really understanding what it meant. We would have to warn American businesses that their prospective partner might say the right thing, but they didn't necessarily know what it really meant. Our services were truly valuable because you were helping companies navigate a crazy period. It was a lot of work but also very satisfying. We helped create American and Russian business partnerships. We hired wonderful people who were thrilled to have an interesting job where they were recognized for their work. Sadly, the Consulate in St Petersburg, including the Commercial Service, has now been closed. But we did make a difference for a while.

It was an amazing experiment which did not turn out as well as we hoped. We all – Russians and Westerners -- underappreciated how difficult it would be to change an economic and political system in such a large and varied country. As a government we made mistakes. I saw one up close when Vice President Gore came to visit St. Petersburg in late 1993. It was the first time a high-level U.S. government official came to the city under the new regime. In previous visits, even though they would have gone to Leningrad, everything would have been orchestrated in Moscow, and the officials in Leningrad would have just carried it out. Now, they were on their own. Mayor Sobchak, who had a reputation as a "democrat," was looking forward to the visit as were we at the

Consulate. Unfortunately, the advance team for Gore were young kids in their early 20s who had worked on the campaign and didn't seem to know the difference between setting up an event in Iowa or in an foreign country, let alone the former Soviet Union. They were disrespectful to their hosts, treating their Russian counterparts as hired help, or worse, ignoring them, as they also ignored our advice.

For a high level visit like this everyone in the Consulate pitches in and is assigned a responsibility. The Mayor had graciously loaned his dacha for the one-on-one meeting with the Vice President and I was the site officer, i.e. Consulate liaison, for that event. At the preparatory visit the advance team was moving the furniture around, rearranging everything without consulting the Russians, in fact rudely ignoring them, acting as though they owned the place. Deputy Mayor Putin was there furiously watching this until he came up to me and literally yelled in my face that I was to tell them they could not touch one more thing without his approval. He was absolutely right and I relayed this to the team. Unfortunately this episode was typical of the entire visit preparation. All of us at the Consulate were appalled. Once Gore arrived he handled things very well but the damage had been done. The Russians had been humiliated and it created ill will at official levels. This was Putin's first lesson in what it was like to be treated as a second rate country and it made an impression on him.

All of the Russians we worked with had been raised as citizens of one of the two superpowers. They liked working with us because they saw us as equals even if we had been adversaries. To rudely remind them of their fall in status in the world, was both unnecessary and counterproductive. An incident with my staff brought this home to me. One time when we were relaxing after an event, my staff were bemoaning something that was not working well in Russia. I told them not to be upset as I had seen the same thing when I was working in Spain. They looked at me and said "Spain? You mean we're at the level of Spain?" I wanted to say to them that they would love to have the standard of living of Spain but of course I did not. However, it showed me that even in these least Soviet of Russians, the amount of pride they had in being one of the two superpowers. So having American officials treat them like they were now a Third World country had a big impact, and especially on Putin. In fact, he mentioned something similar in his later memoir. Our relations might well have soured eventually anyway but this was an unnecessary insult.

Unfortunately for me, I was the next person to have a high-level visitor after the Gore visit. Commerce Secretary Brown was leading a major trade mission to Russia with stops in Moscow, Ekaterinburg and St Petersburg. A friend in the consulate political section warned me that I would have a problem with the mayor's office because of the Gore visit and she gave me some good advice -- that I wine and dine the mayor's assistant to get on his good side. I also explained the problem to Commerce headquarters. Consequently they sent out one of Brown's assistants, Bill Morton*, a very nice young man who had the same charm as his boss and together we smoothed feathers as the visit was planned. They still weren't entirely unruffled, as the mayor declined to meet the Secretary at the airport but sent Putin instead. Secretary Brown, however, had charisma; he went out of his way to charm Putin and Sobchak and it worked. By the end of the three day visit it

was practically a love feast. For the companies also, this was the last stop, coming after Yekaterinburg, a nondescript industrial city, and St Petersburg shone by comparison. For the final evening one of the companies had underwritten rental of the Yusupov Palace for dinner, with a private ballet and a visit to the room where Rasputin was killed. At our subsequent office opening, which the Secretary had discussed during his visit, Putin even referenced Secretary Brown as someone “who kept his promise.”

*(Sadly, Bill Morton was on the plane with Secretary Brown that crashed in Croatia in 1996.)

Q: Okay. Before we end completely, were there any examples of particular successes, business successes that you recall going through your office or through Petersburg, recognizing that they may not have lasted, but at least during the time you were there looked promising?

ZENS: Well, one issue is that in our work we help people get started, but we don't keep tabs on how things work out later. The second point is that Russia was a different type of assignment. Normally, our role is to promote U.S. exports, which support jobs in the U.S. In general, companies that export, employ more people, are more financially solid and can weather cyclical downturns better. That is why we help American companies export overseas. We do not promote overseas investment although we do help American investors if they run into problems abroad. In Russia and the former Soviet Union however, we did help American companies get established there because we were trying to help build a strong market economy. It was felt that they needed good businesses in the country to create a solid business sector, which ultimately would be a good market for U.S. products. I did help some companies get established.

We started a business association, initially open to all Western businesses because there weren't enough American businesses and we all had the same goal, to create a normal business environment. When more American firms came it eventually turned into a chapter of the American Chamber of Commerce in Russia, which is a very strong organization.

One initial success story, unfortunately, did not turn out well. We helped Subway open their first subsidiary in the former Soviet Union in St. Petersburg. Their Russian partner provided the property on Nevsky Avenue. Unfortunately, what they did not know, and which none of us really could have figured out for them, is that their Russian partners were not to be trusted. A year after it was opened, when they were doing tremendous business, the Russian partner walked into my deputy's office and ripped up the franchise agreement. He didn't understand the franchise concept – why should he continue to pay for the right to be called Subway and the ingredients and expertise they provided. We tried to explain that this was a legal document and the value of the franchise agreement but he rejected that. Then he ordered his security team to lock out and threaten the young American couple who were the local managers. They were so frightened that my deputy personally drove them to the airport. We protested to the authorities to no avail. Subway, of course, went into litigation. They had a clause about international arbitration, which

they won but could not get enforced. That went on for several years. I think 10 years after I left, I saw a story in “The Wall Street Journal” that the final decision was in Subway’s favor, but by then they had long since lost interest in St Petersburg.

And that, unfortunately, put a dash of cold water on similar businesses coming to St. Petersburg, which was one reason why McDonald’s was in Moscow long before they ever went to St. Petersburg. A problem we had in St. Petersburg was that as the premiere tourist destination in Russia it did not think it had to work to attract foreign business or ensure that they were treated fairly. It was not as good an environment as it could have been for business. The officials did not “get it.” As I subsequently told people, my first year-and-a-half was all about bringing businesses in; my last year was complaint after complaint, unfortunately.

So, I don’t have as many wonderful success stories as I would like from that. And it took a strong company, or somebody who could stay under the radar to prosper in those years.

Q: Okay. Alright, so we’ll pause here as the tour in St. Petersburg comes to an end, and we’ll pick up again as you prepare for your next assignment.

Today is May 31 and we’re resuming our interview with Karen Zens as she prepares to leave St. Petersburg.

ZENS: My next assignment, which really was a reward for the hardships of Russia, was to be the Commercial Counselor, the number two position, in our operations in Italy, based in Rome. It is hard to think of a nicer place to live than Rome. Having said that, coming after the excitement of Russia, the work was rather routine.

Q: What year do you arrive?

ZENS: I came back from Russia in the summer of ’95; I then went into language training in Italian at the Foreign Service Institute and arrived in Rome in July of ’96. In Italy, the business capital is really Milan, where there is a U.S. consulate with a Commercial Service office, and Rome is the government capital. We also had local staff at the consulates in Naples and Florence, which we supervised from Rome. My boss divided these responsibilities, assigning Florence to me while he looked after Naples. The Milan office was well-established, with a senior officer in charge so it did not require close supervision. However, both Florence and Naples were underperforming. They were small offices, with just one person in Florence and two in Naples but neither was very active. One of our management tasks was to determine if they could be made more productive or whether the offices should be closed so that resources could be shifted to busier markets. My boss had just served in Korea and I in Russia so we knew how busy other posts were.

Q: So, Florence had no U.S. officer but a local running it?

ZENS: In the Commercial Section, Yes.

Q: Okay.

ZENS: There was a consulate in Florence in a Government –owned building, so there was no rent to pay for our office there. But the business center of that region was in Bologna, about 1½ hours away by car. Florence was not a business city. There were major trade shows in Bologna as there were in Milan. The person we had in Florence could be a useful assistant but was not a self-starter. We basically gave ourselves a year to see if we could turn around Florence and Naples. Fortunately we were able to hire a young American woman, who had attended the Johns Hopkins School of International Affairs in Bologna, and knew Bologna well. More importantly she was exceptionally creative and active so she really turned around our operation there. We started doing pavilions in more trade shows there, including the construction equipment show and the Children’s Book Fair.

Q: Who would have thought.

ZENS: While the traditional publishing industry didn’t look to the Commercial Service for help with this fair, the educational video game market was just taking off and included a number of smaller U.S. firms. We were able to attract new- to- market companies in that sector to exhibit at this show and they had considerable success. This was another of our local hire’s ideas. She also succeeded in getting some U.S. companies into the exclusive Children’s clothing show in Florence, which was by invitation only and previously had not considered the U.S. designers up to their level. She was a great addition; once she was hired the office in Florence really turned around and we were able to justify the extra resources there. Not surprisingly she later returned to the U.S. and joined the Commercial Service as an officer, but fortunately for me that was after I left Italy! (My boss had equal success in energizing Naples although through different means.)

In Rome I supervised the local staff and we dealt with some government-to-government issues, particularly related to selling to the aeronautics industry, which was government-owned. So we did have some important work to deal with in Rome but on the whole, government bureaucracy in Italy is legendary, so you could spend a lot of time without seeing any results. Overall, I would say our accomplishments in Italy were more on the management side, reorganizing the operations in Florence, Naples and somewhat in Rome, while Milan continued to be one of the most productive operations in Western Europe. The last year I was in Rome there was an unexpected vacancy at the senior level in Paris and my boss was asked to fill in there, leaving me in charge in Italy for about 5 months. While this period did not present any particular challenges it strengthened the case for a promotion to the Senior Service, which I received after my Rome tour

Q: Now were there, while you were there, since you were now more or less in charge of the country, were there coming sectors that you saw on the horizon that were going to do better in Italy?

ZENS: This period was the beginning of the internet and related information technology boom. An interesting thing about the Italians is they are not “early adopters”, but once they do accept something new, they throw themselves completely into it. In the U.S. and Northern Europe, email and the internet were getting established as business tools and the Commercial Service was trying to be on the cutting edge, to set up matchmaking between firms at a distance using the internet. That was a real challenge because the Italian culture was a very face-to-face culture; Italian firms did not have websites; they didn’t understand how the internet could work from a business viewpoint and certainly how it might substitute for a face to face meeting. We had a lot of resistance as did our colleagues in many other countries. Our headquarters was trying to push it faster than feasible in many markets, thinking that internet matching could substitute for personnel meetings and trade missions, and pushing “virtual Gold Key programs.” It was an innovative and creative idea, especially for a government agency but it did not fit all of our markets. Moreover the supporting technology, contracted from IBM, was not user friendly. So it was a struggle.

Commerce did have a very dynamic Assistant Secretary who came to Rome to speak about the information revolution. He was so good that the Embassy Public Affairs section invited him back to speak to a variety of audiences. He was a very popular speaker but we still had trouble convincing local companies to use these “virtual” services. However, it was an interesting time to watch the Italians begin to appreciate what IT could do. They were very open to the IT companies that we brought on an IT trade mission -- as long as they came in person. They weren’t interested in webinars on the topic.

Other sectors that I saw develop, were more low tech: native American jewelry and pet products. There is a major jewelry fair in Milan every year where we didn’t normally have much of an official presence. But one of the programs at Commerce at the time was helping exporters from underserved communities, including Native Americans and the Commercial Service office in Santa Fe got a grant from the state to work with our office in Milan to exhibit Indian jewelry at the fair. They brought representatives from the Indian tribe that made them and they were the hit of the show, especially when they performed a tribal dance. The Italians loved the beautiful Indian jewelry and the tribal representatives got front page coverage in the Italian press. Unfortunately the Indian craft persons were not able to scale up their operations and meet the commercial schedules desired by the importers so I am not sure it was such a commercial success. But it was certainly an interesting cultural experience for both the tribal representatives as well as the Italians.

With regard to pet products, Italians were just beginning to take house pets seriously, especially dogs. So we teamed up for a pavilion at a local trade fair with the Foreign Agricultural Service, which brought over pet food companies. We brought mainly small companies that made pet adornments and related products. They were very popular and such companies likely would not have considered the Italian market without this opportunity. Unfortunately, as I mentioned earlier, Commerce did not have a system for tracking longer term results of our programs. We asked the companies to report any

immediate sales or agreements -- our “success stories” but we did not rack if these initial sales turned into much more lucrative longer term business.

Our Italian operations were very much involved in the Showcase Europe program, in which the Commercial Service posts in Europe cooperated to select the major trade shows in Europe for American companies in some of our leading industrial and service sectors, which at the time were: medical; aerospace; IT; environmental technologies; safety and security equipment. For the shows, some of which took place in Milan, the trade specialists from each country would seek to recruit a delegation of potential buyers from their own market to visit the American exhibitors at the show. The local buyers usually were going to attend the show anyway but this way we sought to ensure that they would visit the American exhibitors and our specialists could serve as interpreters if necessary. The trade specialist would also counsel the American exhibitors on the opportunities in their market, resulting in possible future business visits. In addition, there was often training for the trade specialists to update them on industry developments. While it was always interesting as an officer to attend these shows, it was even more important for the local staff to get to know their counterparts in other countries working in the same sectors. This was the formative years of the Showcase Europe program and Italy was an integral part of that.

Q: Now, the other thing I wondered about because you had mentioned earlier that a lot of your, at least your responsibility in Rome was government relations; are there examples of working with the Italian government of successes in, you know, breaking through a problem that allowed a company to market or to bid on things however?

ZENS: We are talking about almost 20 years ago so I do not recall specific cases. I remember working with Boeing, trying to help them come up with a coherent strategy for pursuing commercial aviation opportunities in Italy. The company had recently acquired a defense company which already had good relations with some Italian government agencies but the commercial sales division was unaware of this. Having worked at Ford, I was not surprised to find one part of a large company being unaware of what another division did. Moreover, despite being a very large firm, at that time company management was very provincial in outlook, based in Seattle where they were the center of their universe. Their international sales force was used to just filling orders for their planes. With the rise of Airbus they now had very significant competition, competition with strong European government backing. Recognizing this, they had recently added a distinguished retired ambassador to their Board of Directors and he arranged for the Boeing Board of Directors to visit key target markets in Europe, including Italy. He asked the Economic Counselor and I to brief the Board on the Italian market. I doubt that we told them anything he had not already pointed out but they needed to hear it from us as well and he thanked us for our presentations. This was more about educating the American company on how to approach the Italian government than advocating directly to the Italians on their behalf. They did make some sales in Italy, which given that the Italian company had strong links to Airbus, was an accomplishment. So I think we did help a major company understand how to do business. We worked with many more smaller firms but I do not remember their names.

Q: That's fine. Now, from the Washington side, were you satisfied, was the nature of Washington's support _____ satisfactory?

ZENS: In terms of recruiting firms to come to the market, we tended to work closer with the Commercial Service domestic offices than with Washington headquarters. You came to learn which specialists in which offices were the most active and in which sectors. HQ did have a great program that allowed staff in domestic offices to work for a couple of weeks in an overseas office or for a foreign trade specialist to work in a domestic office. After one of these exchanges the cooperation between the two offices would really increase and you would get many companies referred to your market. We took advantage of the program in Rome and Milan.

As to Washington itself, there are inevitable headquarters versus field issues, which until one has served in Washington, are hard to understand. Headquarters staff have to be responsive to the political imperatives of each new administration. That might result in new programs that did not seem well suited to your market, but you had to do something about it. In my subsequent assignments in headquarters, I could appreciate the pressure that HQ staff were under. People in the field did not see this, especially officers who avoided serving in Washington. They didn't understand the pressures of working in Washington -- which brings me to my Washington assignments.

Q: And once again, the year?

ZENS: 2000. I left Rome in the summer of 2000. My mother had an illness; I didn't realize how serious it was at the time, but she really wanted me to come back to Washington. So I looked for a job on our bid list in Washington. The Commercial Service traditionally does not have many positions for officers in Washington, D.C.— it is very much a field-oriented service. The position that was available was as Commercial Liaison officer at the World Bank. The Commercial Service had a small office attached to each of the International Development Banks: the World Bank and Inter-American Development Bank in Washington, D.C.; the Asian Development Bank in the Philippines; the Bank for European Reconstruction and Development in London, and The African Development Bank. The U.S. office at each bank is directed by the U.S. Executive Director, a political appointee, with staff seconded from Treasury. These Banks give out millions of dollars every year in loans to developing countries for projects, which international companies can bid on. The Commerce liaison presence at the Banks is to ensure that U.S. companies are aware of these business opportunities and are treated fairly in the contracting process. The loans are for not just roads and schools but medical equipment, information technology, and many other sectors in which U.S. companies have relevant products and services.

So I bid on and was assigned to that position. Commerce had two staff at the World Bank, an officer and a Civil Service specialist. The Civil Service person had been doing the job for years. She knew everybody at the Bank and how the Bank operated. She liked

the work and that made the officer's job very easy. Unfortunately for me, shortly after I arrived, she announced that she was retiring.

Q: Wow.

ZENS: And then on top of it, Commerce enacted a hiring freeze. So I had three months with her, learning from her, then she left and for the next six months I was doing both jobs. At the same time my mother's health was starting to deteriorate, so it turned out to be a very stressful time. We were able to hire someone eventually, which helped, but her replacement was not as knowledgeable or diligent as she had been.

It was interesting working at the Bank. It has its own culture. It's a very large bureaucracy and you have to understand how that bureaucracy works. Fortunately, they did have a very good workshop that explained how bids were carried out and what the contracting rules were. The contracts are handled by the country receiving the loan but the developing country must follow the Bank's rules, which are well-established. Much of our liaison work at the Banks was advising companies who had bid unsuccessfully on contracts and felt that the rules hadn't been followed. Sometimes the companies had not understood the rules or simply had been outbid. However in some cases, they felt they had credible evidence that the company that won had been given preferential treatment. In that case we would go to the relevant authority in the Bank and request that they review the loan contract. Part of the job was building a good relationship with the Bank staff so that they would take you seriously when you came with a complaint. They would look into it, and sometimes they would make the country re-bid the contract because it was clear that it had not been conducted correctly. Other times you felt there had been favoritism but the country knew how to do it in a way that stayed within the rules and could not be challenged. Handling company queries and complaints was the basic work of the liaison office and the long-time specialist had been very good at this. She knew all the key people and she really knew the rules; she was respected by both Bank staff and the companies so previous Officers did not have to get too involved in this work. But I did not have this luxury.

The other side of the work was, I would say, more interesting. You would try to introduce new products or methods to the Bank sector specialists so that innovative concepts that a U.S. company might have, could be allowed in the specifications for a Bank loan. Bank loan specifications were usually very detailed and if a company's product or service did not conform, it could not bid on the contract. You needed to demonstrate to the Bank staff that a different approach might work as well or better than the traditional one and that the bid specifications should allow this alternative. Sometimes, it was simply that a product might be more expensive, but over the project lifecycle would be more cost effective. So you wanted the bid specifications to allow for a lifecycle cost not simply the cheapest product. You met companies with some interesting new technologies. We also did outreach to U.S. firms, speaking at conferences to encourage U.S. companies to bid on these contracts, which many firms did not know existed. It was an interesting two-year assignment.

Q: From the point of view of the Commerce Department and your role, but also during those two years was 9/11; did that- how did that affect just sort of your overall, you know, how Commerce operated, if at all?

ZENS: Yes I was working at the World Bank on 9/11 and, of course it was a dramatic day. We saw it on the TV in the Executive Director's office. It was a small office and after the first plane crash someone called out and the rest of us went into her office to watch the TV. So I saw the second crash on TV as it happened, although at first, like so many people we thought it was a replay. It was the day of the weekly Bank Board meeting and the Executive Director was about to go into the Board meeting at 9 am. At first we thought it was a dreadful accident, and then, after the second one hit, we knew it was not. As she told us afterwards, she had to interrupt the Board Meeting, which had started by the time she got there to tell them there was an emergency and that the country was being attacked. It apparently took a couple minutes for them to believe her. Then they discovered that the PA system for the whole Bank building did not work! But the word got out and everyone left. The Bank offices are only 2 blocks from the White House and there was some concern that a plane could be headed there.

Q: Right.

ZENS: As I said, most of the office staff were from the Treasury Department, so Treasury called over to that staff and told everyone to leave and I got a similar call from Commerce; by then we were already getting dismissed by the Bank itself. Fortunately for me I lived on Capitol Hill so I walked home. The city was in total gridlock, with car horns blaring but no one going anywhere. I walked to the Mall and when I got there, I could see the smoke from the Pentagon. As you may know, it was a beautiful September day weather-wise. So, it was completely surreal. People did not want to take the Metro because you didn't know what was going on. By the time I got to the corner of 14th Street and Constitution Avenue people were streaming out of Commerce and I ran into colleagues there.

My next assignment was at Commercial Service headquarters, and it was still very much dealing with emergency planning when I got there the next summer. 9/11 showed how ill-prepared Washington was for a major emergency. Embassies overseas are trained to prepare for emergencies, even in Western European countries, which had experienced domestic terrorism, but Washington departments, certainly Commerce, were not. So they started planning for it. In fact, whereas at the World Bank they discovered that day that the intercom wasn't working, Commerce didn't even have one. They had a fire alarm, but they didn't have an intercom to inform people what was going on. We were ill prepared; we didn't have emergency plans, what to do in case of an attack. And so, they started grappling with this but there was no immediate impact on my work at the World Bank.

Q: Okay. Now, you mentioned that, okay, just one second.

ZENS: The World Bank assignment was a two-year assignment. My mother's illness was worse and my father was not well either, so I needed to stay longer in Washington. I bid

on and was assigned to the position of Deputy Assistant Secretary (DAS) for International Affairs for the Foreign Commercial Service, which was a senior management job and our second most senior position for a commercial officer in Headquarters. As such, I supervised our international network; at that point we had about 150 offices in 80 countries. My headquarters staff was about 35 persons and we supervised around 250 officers, mostly located overseas and 1100 local national employees overseas.

There has been a reorganization since I retired but at the time we were organized into five regions of the world: Western Hemisphere; Middle East & Africa; Western Europe; Asia; and Eastern Europe & the former Soviet Union (which eventually was absorbed into Europe). We had a regional director for each of the regions, who supervised the posts in their regions, and they reported to the DAS, my position. I also supervised the Foreign Commercial Service personnel department. I reported to the Deputy Director of the Commercial Service, another officer, who in turn reported to the Director General/Assistant Secretary, a political position.

My primary responsibilities were budgetary and personnel. My office managed the budget and personnel decisions, including assignments and training for the overseas operations and personnel. We apportioned the budget among the regions, determined if we should propose opening or closing new offices, what the staffing levels should be for the posts, as well as evaluated and supported the trade promotion programs. We also worked with the trade policy people on the policy issues but it was primarily a management job. The toughest personnel issues, of course, got bounced up to HQ, the ones that couldn't get resolved at post. In good years you were allocating extra money, and in bad years you were figuring out where to cut. We also were working with the IT people on rolling out the perpetual fixes to the IT system. I also represented Commerce on two interagency groups at State; one was the ICASS Council, the inter-agency administrative payment system; and the Office of Buildings Operations (OBO) Council, which was set up to build the new safer Embassies and consulates after the African embassy bombings. It was quite an interesting array of management issues.

Q: Since you were also in charge of personnel, were you thinking about how to build a better Foreign Commercial Service officer? In other words, training or-

ZENS: Yes, yes. The training component also reported to us, as part of the personnel office. Frankly, we hadn't in the past done enough training, either for our local people overseas, our domestic staff or the officers. When budgets were tight training always suffered. We also oversaw the intake system for the officers, whether to hold an exam to bring in officers.

Q: Yes. Take a second to describe how that works with the Foreign Commercial Service, because I think it's a little distinct from the way the State Department works.

ZENS: Yes. It became different over time. I don't know how it is today, but it is not the same as for the State Department. When the Commercial Service was first moved over to

Commerce, everyone still took the same initial test, and then the second level was done at Commerce instead of State. Then it changed and Commerce handled it all. They wanted people with business experience. There would be an announcement and you could apply within a time limit; you sent in a resume showing what kind of business experience you had. There was a questionnaire also; a private contractor compiled that, and if you got enough points on your background and the information you provided, then you would be invited to the assessment. And that assessment was somewhat similar to State. There was a written portion, a negotiating session, an interview, and the in-basket exercise, but the substance was all oriented to commercial work. Every couple of years we tweaked it to see if it was producing the results that we needed, were the questions relevant, etc. I think we did do one update during one of my DAS assignments but I didn't directly work on it.

On the training, we did talk about different programs. As I mentioned, we had this network of domestic offices. It had been a shotgun marriage when then the commercial function was brought over from State. There were two different cultures -- domestic/civil service and foreign service -- so over time we tried to do more training that brought the two groups together in the same training. It was an opportunity for domestic staff and officers both to know each other and to exchange perceptions. It was very easy for the domestic people to complain that they didn't get an answer from the overseas and for the overseas to fault the domestic offices for not recruiting more companies. We also would include our overseas staff in domestic training for the same reason. Training was an important issue.

I also sat on our assignments panel for the officer assignments. And I was -- thank heavens they've since changed this -- the reviewing officer for every SCO, every Senior Commercial Officer in the world -- over 60 of them!

Q: Oh, my god.

ZENS: each one. The regional director was the rating officer and I was the reviewing officer. We would have a yearly regional meeting, and sometimes that was the only time I saw these officers. Some I knew well, some posts I knew well, others I didn't know at all. Of course, I relied on the regional directors to fill me in on who was doing a good job and who wasn't doing well. Essentially you know who were the stars and who were the problems but most fell in between and that was difficult. Our rating period was in the summer. We deliberately did it after State, so we weren't overwhelming the DCM or Ambassador who were asked to do statements as well. But it ruined every summer. The Regional directors would often do a first draft for me, but I was conscientious and it's important; you don't want the wrong people to get promoted or good people to be overlooked. So that was a major part of the job.

And then there were the difficult personnel issues, including a couple of lawsuits by officers that felt they had not been treated fairly. The extra challenge was that the Commerce legal team did not necessarily understand the rules of the Foreign Service personnel system, which is different from the civil service that governed most Commerce employees. By the time the lawyers got really educated in it they would move on to a

different legal area. I had a couple of cases that I spent a lot of time on with the lawyers. Basically the easy personnel issues were resolved before they got to me; it was the thorny ones that came up to the DAS position.

Q: Now, in general, was there thought in Commerce of changing the way you did the evaluation, the entire evaluation system, you'd get permission from Congress or whatever you needed, because of the different nature of the work?

ZENS: No, not really. We didn't need congressional approval for that. What we did need was AFSA (American Foreign Service Association) approval. We followed the same Foreign Service rules as State, so you can make changes, but we had to negotiate them with AFSA. And every year we would have negotiating sessions with AFSA, because there was always something that you wanted to improve or change, and we did make some changes in the format but the evaluation system still pretty much followed the State one. And I didn't, of course, sit on the-

Q: Promotion panel.

ZENS: --promotion panel. I couldn't have anything to do with that. But we would look at the instructions to them and make sure they were appropriate. So, those were some of the personnel issues we did look at.

Q: Now, training. Did the-- there's normal training, language and so on, but did you begin thinking that in the changing world Commerce officers needed different skills or needed to be able to adopt different methods and trained specific things for that?

ZENS: Yes. We did do training sessions that were industry-specific.

Q: So, the specifics?

ZENS: We did recognize the importance of sector training. We would try to take advantage of a trade show where we might have a number of officers and local staff there and tap into the private sector experts. For example, if it was an Information Technology (IT) show in Las Vegas, we would have our staff come a half-day a day early and have industry specialists give them briefings on the industry trends and what kind of help companies in that sector might look for from us. We did a lot of outreach to business, and while it wasn't formal training, it would open a dialog; they would explain what they were doing, and we would explain what we could do. That might cause us to consider some different programs because the sector needed something different than what we offered at the time. Certain industries that were very well organized, like the pharmaceutical industry, was very happy to host us at meetings to talk about their issues. Sometimes they were special pleading, but you did learn things as well. We did sector-specific trainings in Europe as part of the Showcase Europe program.

We also had started the TDY (Temporary Duty) opportunities, which I mentioned earlier, whereby a specialist from an overseas office would work for a couple of weeks in a

domestic office and vice versa. It was not training per se but we would match the staff and location to their sector specialty. For example, if somebody was on vacation in the San Jose office that office could put in a request, which headquarters would fund, for a trade specialist from Europe in the IT sector to work there for a month. The specialist would then go out and meet the companies in that sector and learn about them. So it was really practical, on- the- job training. The San Jose office knew afterwards that that IT specialist would be really attuned to what their companies needed and we liked it overseas because if somebody came from Italy, for example, it meant that the staff in San Jose would be responsive because they had learned about our market by hosting our staff. And of course it better acquainted our overseas specialists with the United States. It was probably our most successful program and the money came under our training budget

Q: Were the people coming in skilled in different ways than the ones who were now senior?

ZENS: Well, actually we started getting a number of officers who originally were from our domestic side. Especially if they'd done a TDY, they saw how interesting the Foreign Service was. They had to go through the same testing as anyone from the outside, but of course, having done a lot of the work already, it was easier for them to pass the test, and so the better ones did. In fact, we were almost accused of picking off the cream from the domestic staff.

In my time, having joined in '85, I certainly saw more diversity, more women and ethnic diversity, which was good. It took a while but I certainly saw that. We had the same challenges that the Foreign Service in general had -- the challenges of spousal jobs, especially before this millennium. Now, in some ways it's a little bit easier because there are private sector jobs that spouses can do from any part of the world; that wasn't the case then. We did get more women, but we sometimes lost them as their husbands didn't want to keep moving around the world and couldn't find a new job each place. There was that challenge. And the challenge of tandem couples (where both work for a foreign service agency.) Because we were a small organization, we were more flexible and I would say worked hard to help the tandem couples. The other tandem was usually a State person and we felt that the State bureaucracy didn't take us into account, but we would take them into account in terms of assignments. But these were pretty much the same tensions as the rest of the Foreign Service.

I retired in the end of 2010; certainly in the last couple years there was the challenge, which is probably now much more developed, that younger people weren't as interested in a long-term career. We always had the issue of our top performers being hired away by the private sector, especially officers who were fluent in Chinese and had worked there, or in other difficult markets. The companies could offer them double the salary. During my time in Russia several of our staff went to work for private companies. Of course the fact that our work is relevant to the private sector also makes it attractive to prospective entrants. And we even had a couple of officers who applied to come back because they found working for a big corporation, while it paid better, was not as rewarding as our work. Our best people had very marketable skills, so that is why we fought for a budget

that would allow continued assessments and intake of new officers, at a minimum every other year, because you were going to lose people, and not just the ones you wanted to lose.

I also was beginning to see a difference in the attitude of the younger people who were coming in from lateral organizations that are very flat. The Foreign Service is a hierarchical organization. It wasn't, perhaps, as pronounced with us, because we had a lot of small offices and people even at a very mid-level grade got a lot of responsibility. It wasn't intentional, but I think that did mitigate it a bit. The ideal would be to start an officer at a larger embassy so they could see how the embassy worked and could learn from more experienced officers. But we did not always have that luxury. We might need an officer at a small, one-officer post, where they would be managing the office, working directly with the Ambassador, handling a lot of responsibility on their 2nd tour. You did see quickly who could handle it and who couldn't, and it probably helped in the sense that some of those who came in looking for a lot of responsibility did get it quickly.

Q: What about dealing with Congress? How much did you have to make arguments for various programs, various appropriations, you know, and so on?

ZENS: I was DAS twice, from 2002 to spring of 2005, and then again from mid-2009 until my retirement at the end of 2010. The first time in particular was difficult budget-wise. Congress wasn't the problem; our own administration was. We always had good support in Congress. Our domestic offices really helped with that. They knew how to work with congressional home offices and make them aware of our programs. Having local companies, especially small and medium-size firms, which were prominent locally, attest to the value of our services was very important. The Commercial Service did track company "success stories" – where our services had made a difference – by congressional delegation. But Commerce in Washington was much less active on the Hill. In my experience in Washington, the Commerce legislative affairs office was primarily reactive, responding to Congressional information requests but not proactive in promoting our work the way other departments did. But at least we had the benefit of the domestic offices that tended to know their congressmen, and we always had some strong supporters in Congress. The problem was getting the higher level in Commerce to request more money for us when we needed it. During the Bush Administration and the Iraq war, all domestic departments were asked to reduce spending. Commerce was practically a poster child for tightening our belts. The problem for us was that we were a small international agency operating within a much larger domestic department that did not appreciate the extra expenses that are involved in operating overseas, many of which we could not control.

One of the things I learned in my first DAS job was we couldn't open and close posts at will. Congress had a say in that; they approved where we operated and we could not close a post without Congressional approval. But if we did not get sufficient funds we needed to consider closing a post. We tried to be scientific about this, to determine which posts were least productive. We had come up with a ranking system, which combined internal factors, such as the number of companies that we helped, their success records and the

costs of running each post, with an external ranking created by an outside consultant, that measured country data such as GDP size and purchasing power to illustrate market potential. Of course we also had to consider prevailing Administration priorities. If there was an emphasis on doing more in Africa, we might remain or even expand there even if the countries came out low in the rankings. But at least it gave you semi-objective of where the best opportunities for American companies were and where we should concentrate efforts. When we had a budget shortfall and it was clear we weren't going to get more money -- Commerce wasn't even going to ask for more money --- we had to consider closing posts. However to close a post you had to notify the State Department. They had to approve, and Congress had to approve.

I knew about State Department approval. That was never easy; most Ambassadors did not like to see their staff reduced and if we withdrew from the Embassy, some of our work would have to be handled by the Embassy economic section, which might not welcome or have the staff to handle it. But in my first experience of this as DAS, when we had determined to close our post in Baku, Azerbaijan, no one in the International Trade Administration (ITA), our parent agency in Commerce, told me that we had to get Congressional approval to close a small post overseas – even though they had approved the decision and seen the discussion with the State Department on it. So we actually closed Baku and then somebody at headquarters remembered about Congress. Apparently there had been a specific Congressman who had wanted us to open an office there. Fortunately, the congressman had left office, but we had to go to Congress with a mea culpa to say that we forgot to tell you we closed Baku. I got my fingers got rapped for that one but of course others above me were also to blame and they did not want to make too much of a problem about it. I had learned the hard way; after that, I used to have to remind the political appointees of this requirement which they did not know either. But this was also a problem of ITA management at Commerce. They didn't want to tell the political appointees that we didn't have enough money to keep all of our offices open, but they did not want to ask for more money when that was not an acceptable policy. They just did not understand the greater costs of running an overseas operation – exchange rates that might not be in our favor, local personnel costs which we did not control, and the administrative costs which State Department apportioned to us for our office space and services which State provided to us. These costs kept increasing even though our officers at posts overseas did their best to contain them. We were very often unpopular at the Embassy as we would challenge the Embassy administrative fees or suggest cheaper ways to do things but some costs could not be controlled. The new, more security conscious Embassy and Consulate facilities were more expensive to run.

So I spent a lot of time on budget issues, but the problem was not Congress. Our budget was very small --- we used to say it was a rounding error in the Defense or State Department budget. Our supporters on the Hill when they heard about a post closing would ask, why didn't you tell us? We would have appropriated more money. The real problem was the lack of support and understanding of our budget in ITA and Commerce management.

I remember one time when I was asked to go to the Hill to brief a Congressional staffer on our operations in Iraq. The Commerce congressional liaison didn't want me to go, for fear that I would not stick to the party line about budgets. It was during the first Iraq war when there was a push to help Iraq with reconstruction and I was asked to talk to staffers about what we were doing there. I was accompanied by a person from the congressional liaison office, who the entire way in the cab kept reminding me not to talk about the budget, certainly not to ask for more money or even say, if asked, that we needed more. That was the party line, so we had to make do, and I understood that. (Fortunately the staffers did not ask about budgets so I did not have to decide what to say.) But the point was that I had to explain to management that while we understood the belt tightening, we would have to cut operations. We prided ourselves on running lean operations; there was not much fat to eliminate. At a certain point we will have to close offices and you will have to inform Congress.

In my first DAS assignment, 2002 to 2004, we, like the rest of the agencies, faced the Iraq war issue. We do not normally operate in a war zone because businesses don't sell in a war zone. But every agency was told to contribute to that effort, and so we had to contribute too. You may remember that after the initial fighting, the U.S. Government supplied advisors to the Iraqi government to help manage each department during reconstruction. We were asked to send somebody to supervise the Ministry of Industry. Bombs were still going off, it was dangerous, and I was not willing to direct someone to this assignment. We asked for volunteers and fortunately got one. He was young and inexperienced but did his best. It was a window into how we were handling this as a government, and it wasn't pretty. But these were the issues that we had to deal with. So, at a time when our secretary and his people would not ask for more money, we had to prioritize which posts would get the resources. At a certain point, because a lot of our posts were small to begin with, it's better to have fewer posts that are adequately staffed than a token person who can't do anything.

Q: Right. Right, right.

ZENS: And so, we did close some posts. We worked hard to make sure that our local staff found employment. It normally wasn't too difficult because they were usually very good. Sometimes they would be hired by the Economic section or elsewhere in the Embassy. But it was a period where we did have to make tough decisions. So different than when I was in Russia and we had a lot of money to open new offices! Now I was deciding which offices to close.

Q: So, the problem for funding wasn't Congress, it was OMB? Because OMB was responding to the White House and others who were saying no more money for certain line cabinet agencies; they're going to have to live within whatever?

ZENS: Yes because the defense budget was expanding and the administration did not want to raise taxes or increase the deficit. So, the OMB issue was a political decision that domestic agencies were going to have to shrink, and unfortunately for us, Commerce was a domestic agency. Of course we live with the politics of the time but we had to explain

up the line what the consequences were for us. Moreover, it was especially difficult due to the awkward US Government budget process, with annual funding that you might not even get until halfway into the year. If you need to close a post you really have to do it in the first half of the year because the employee severance costs in most countries are very high and will eat up your savings. If you close the post later in the year it actually costs more than keeping it open.

I would say that a lot of my DAS job was education in the building. We were a small piece of Commerce, which is a rather strange department with so many disparate agencies, from the Census, to the weather bureau, to the Patent Office. We were this small international piece, with a much more complex budget and personnel system. Most of the other agencies had staff paid in dollars according to the same Civil Service pay scale, with U.S.- based costs that were much easier to calculate than ours. The first time I took the job, I really thought that it was our fault, that we had done a very poor job of educating the building. Unfortunately, by the end of the assignment I realized that there were people in the building who didn't want to be educated, and of course, there was always a new team of political appointees to be educated when the administration changes. It was a challenge.

So, today is June 21, and we're concluding our interview with Karen Zens in Mexico.

ZENS: My final overseas posting was in Mexico, from April 2005 until June 2009. It originally was a three year assignment which I got extended for a fourth year.

Mexico with NAFTA was a great market for U.S. exporters, especially small and medium-size firms. The programs were well developed by the time I got there and I inherited a great local staff. I also had the good fortune to have mostly outstanding commercial officers assigned there so it was a very enjoyable assignment for me. We accomplished a lot. There was a steady stream of Gold Key services for individual companies and we also would get trade missions of small and medium-sized companies. (A small business, according to the U.S. Small Business Administration definition, is a company with 50 employees or less; in some countries that wouldn't be considered small but they are by U.S. standards. Sometimes they are privately or family owned.) These services were our "bread and butter" as Mexico, right next door, was a great market for U.S. companies to develop export experience. We augmented our staff with local contractors who knew our programs and we could hire for specific services to increase the number of companies which we served. These were typical Commercial Service programs for which the U.S. companies paid. The fact that we had a steady stream of them reflected the excellent reputation that our operations in Mexico always had.

We did a very large and special event one year, which I think is a good example of interagency cooperation in the trade promotion area as well as U.S.-Mexican relations in the commercial area. This event was the brainchild of my excellent Deputy and he really gets the credit for both the conception and overall execution. The Mexican government had announced major spending plans to improve the country's infrastructure, not just roads and bridges, but also telecommunications, healthcare, environmental amelioration

and modernization of the oil and gas industry. These sectors offered excellent opportunities for U.S. products and services. My Deputy talked to the Trade Development Agency (TDA), a small, specialized U.S. Government agency that financed studies and events overseas that could offer good opportunities for U.S. producers. Both my Deputy and I had worked with them on projects in the former Soviet Union and knew the staff. TDA immediately came on board with the idea of holding a high level conference to acquaint U.S. companies with the opportunities and give them access to key officials supervising the projects. The Export- Import Bank (EX-IM) and OPIC, the Overseas Private Investment Corporation, were also interested and promised to send their Directors to speak at the opening seminar. Most importantly, we got great support from the Mexican Ministries of Industry, Health, Energy and Telecommunications, which all agreed to have their Ministers participate in the event.

TDA paid for a U.S. contractor to come to Mexico to research which projects announced by the Ministries offered the best opportunities and were also likeliest to go forward. (As we know, not all government projects get realized!) The contractor prepared briefing material on selected projects, and with that information our domestic offices could recruit companies for the event. Ironically, the hardest to persuade was our own Commerce Department International Trade Administration – the Not-Invented –Here syndrome. We had agreement from the Mexican Ministers to participate but we were having trouble persuading ITA to put the idea to our Secretary. Headquarters staff typically was very responsive to established priorities but not as creative in proposing something different and this hadn't been announced as a priority. Fortunately, it was Secretary Gutierrez at the time, a true professional who really knew Mexico well and was a great envoy not only for Commerce but the US Government a whole. On a visit to Mexico he heard about the Mexican infrastructure plans and immediately said he would come to our event. After that we had great support from HQ.

The three day event was headlined by an opening seminar moderated by the Ambassador, with remarks from the four Mexican Ministers, our Secretary and the heads of TDA, Ex-Im Bank and OPIC – a really impressive line- up. This was followed by briefings by the responsible individuals at the Mexican ministries on the various projects and then individual appointments for the U.S. companies with either the government officials or the Mexican companies who would be the contractors. (The U.S. would be the subcontractors or suppliers.)

Q: A question here. Were there restrictions on the open bidding that meant only large Mexican companies could take the contract and then subcontract to others?

ZENS: That depended on the sector, and that was one of the things that our specialists and the contractor were responsible for sorting out. For instance, in the energy sector the Mexican government petroleum company, Pemex, did the contracting and they were just opening up major subcontracts to foreign companies. But in the healthcare sector, you could sell directly to a hospital that was getting money to expand. That was one reason why we needed a contractor to help with the research which was more than our staff could do as they carried out their regular duties. The contractor researched whether the

project opportunities for the U.S. companies were as a direct contractor or in most cases, as subcontractor and who were the real decision-makers for these contracts.

Q: And were you relative confident that it was a level playing field? In other words, that, to the extent that corruption existed, the U.S. companies still had a reasonable chance of winning-?

ZENS: Yes, because we proposed this high level event to the Mexican government and they really liked the idea. So, whereas you can never guarantee that every single contract is going to be handled correctly, it was in their interest to have this handled correctly.

It ended up being a very nice event. We got, I think, about 50 American companies to come. We had these major officials on the program, great pictures in the press, and everyone was happy. How much business came out of it immediately, I could not say but it did open a lot of doors for companies. As I mentioned previously, unfortunately we did not have a system to track results long-term, so I couldn't tell you five years later what resulted. But it did open a lot of doors for companies with high level contacts and made them aware of opportunities in Mexico. It helped strengthen US- Mexican relations. The Ambassador and Embassy economics section participated and the press section helped us with publicity. The Trade Development Agency, OPIC, Ex-Im Bank and Commerce were all there, so it was a great example of how interagency cooperation can support U.S. commercial and diplomatic interests.

Q: The five-year sort of longitudinal study, would that we something that your FSNs would at least, you know, your successor would be able to ask the FSNs, well, it's five years after this big thing; do you guys know or have you seen successes? Or would they just not be following that?

ZENS: They would know anecdotally but there was not a systematic way to track it. Plus, they were very busy and had to go on to the next project. Sometimes they would know because they were working in the same sector for many years but when somebody retired, unfortunately, their institutional knowledge usually departed as well. In my experience both in the field and at headquarters there wasn't a good system to track results or even activities. It tended to rely on personal memory. I am not sure it was any different in the other sections either. In fact, it might have been worse. In Mexico Commercial officer tours were 3-4 years while State officers transferred every 2 years, and we had more local staff who usually worked with us for many years.

Q: While you were there, did you see the- because you had mentioned how it's sort of sector by sector whether it was more open market or more centrally directed. Did you see a general trend toward more open market and less central direction in Mexico's economy?

ZENS: Oh, absolutely. It already was not a centrally run economy. Most of the economy was in the private sector and the opportunities were with private Mexican companies. It was only when you are getting into big government projects and especially the oil sector

which dominated by Pemex, the government owned oil company, that you were dealing directly with the public sector, but even that was beginning to open up.

Q: Just an unusual kind of question because it was so well-known both when you were there and even now that Mexican drug cartels launder money through what appeared to be normal commercial companies and so on; did you ever run into the problem that it was sort of known a certain company or companies in Mexico were kind of front companies for drug cartels, but American companies didn't know it and were seeking contracts with them?

ZENS: No, and actually, I wouldn't say it was widespread to use a commercial company to launder money. Real estate is the best way to launder illegal money, and we weren't involved in real estate. The narco issue was more of a security issue, and when I was there, unfortunately security did get worse, not so much in Mexico City but first in Monterrey and then in Guadalajara, where we had offices. We did not have staff in Ciudad Juarez, which at the time was the most dangerous consulate posting in the world. Monterrey, which had always been considered a safe, family-friendly posting, started to have real security problems due to conflicts between rival drug groups for that territory. Eventually Guadalajara also had similar issues. For whatever reason, the rival groups avoided such outright activity in Mexico City, although wealthy Mexicans always had to be concerned about kidnappings for ransom.

Q: Now, as the manager of all of the commercial activities in a couple of branch offices, did you have to deal with other managerial issues, handling difficult personnel or reorganizing something or planning the closure of one of the branch offices?

ZENS: Not while I was there. Budgets were tight, occasionally there would be a hiring freeze, and there was at least one difficult situation with an officer that had to be taken out for personal misconduct but on the whole it was really a very nice assignment. I had a very good relationship with both the ambassador and the economic section, which also made things easier.

The last issue I ran into, an unusual one, was at the beginning of the Obama Administration; a new ambassador had not yet been appointed, so the DCM was Chargé. Especially after our recent major conference, I thought we would have a very quiet last couple of months. Then came the Asian flu scare. This was the second one – not the one that shut down China -- but the flu had gotten to Toronto, Canada and the fear was that if it came to a city of 20 million like Mexico City it would be a disaster. We were all impressed with the Mexican Government response. They took it very seriously and the city of over 20 million practically shut down for a couple weeks. Public gathering places like theaters, shopping malls, etc., closed. People, including Embassy staff were told to work from home.

Of course, the American businesses there were very concerned, so we set up a weekly conference call with myself, the Charge', the Regional Medical and Security Officers and the senior executives from the big American companies. We did not have any special

information to impart but we exchanged what we knew, learned how they were they handling it and what they were hearing. This was very much appreciated by the business community and was useful in terms of reporting back to Washington. Fortunately, the flu didn't get to Mexico City; it took about three weeks for the whole episode to pass. We were very impressed how well the Mexicans handled it. But it was three weeks of great concern and an unexpected issue to handle. That is how my tour ended.

Q: Well, so, now as you're approaching the end of the tour, what is your thinking? Are you limited by the personnel system from bidding again or do you want to bid again? What were your thoughts?

ZENS: I had to bid again. I had to go somewhere and I still had enough years until the age limit for another full assignment overseas, if I wanted one. Initially I had thought of going to our office at the European Union in Brussels, another senior job. But the problem was that the Mexican assignment was a hard one to follow. It had been personally and professionally very rewarding. The EU assignment is mostly policy issues and I had enjoyed the variety of work that I had in Mexico. I wasn't up for learning the ways of the EU bureaucracy and another officer really wanted the assignment. I was also beginning to think about life after the Foreign Service. I decided that I was ready to settle down. The other job that was open at my level was the job I'd had before I went to Mexico, the deputy assistant secretary for international operations, in Washington. So I went back to that as a way to transition back to Washington and the U.S. Moreover, I thought my prior experience there would be an asset.

Q: Okay. And it's 2008 that you-?

ZENS: 2009.

Q: '09. So, you're now, you know, Obama Administration is in. What, if anything, had changed in terms of the approach toward the Foreign Commercial Service and its goals with the new administration?

ZENS: Well, one immediate difference was that Gulf War reconstruction issues were no longer salient and we could focus on our core mission, which is export promotion. In fact, since reviving the economy was the Administration's top priority, they were actually interested in our mission, once we were able to explain how we help small companies expand and that helps employment. There was an interest in exports and also in promoting inward investment, which is something that we typically hadn't done. A lot of countries have an agency to promote investment from foreign firms but we had always left that to the individual States to do. We would support the States' efforts but this time the Administration, looking at investment as a jobs creator, wanted us to be more proactive. So that was a new program.

The main problem was that it was also a period of tight budgets. I spent the last year-and-a-half at headquarters once again having to decide where we were going to tighten our belt. This included cutting back in some of the African countries that we had just

expanded under the previous Administration after funding had finally improved. This is the frustration and waste of the way we fund government programs, with annual budgets, that does not support long term planning. It is especially wasteful on the personnel side: you hire people; you train them; and then you have to let them go. It is also not financially sound since most countries overseas have generous severance systems that we must pay for. Once again a new administration wanted to do things, but they didn't want to increase the budget. I had to keep saying don't tell us do more with less; we are all tired of hearing that phrase. That will only get you a negative reaction. A good chunk of my time at headquarters was trying to figure out where we could both show some new initiatives, but at the same time economize.

Q: Now, how long did you occupy that position in this final tour?

ZENS: It was a two-year tour, but I cut it short by half a year. I left in December of 2010; I could not face another round of performance reviews for all of the senior officer positions!

Q: At this point, 2009-2010, was the Foreign Commercial Service larger or smaller or about the same as when you entered?

ZENS: It was larger than when I entered the Service but a little bit smaller than when I came into the DAS position the first time. I think we had shrunk by 10 or 12 offices. But we had fewer than that when I started. So, it on average wasn't a big change.

Q: And in terms of personnel?

ZENS: In terms of personnel, I think we had a few more officers but considerably more local staff; for example, after the end of the Soviet Union we opened several offices where before we had only had staff in Moscow.

Q: So, having seen the service from both the Washington side, the sort of policymaking side, the field, are there recommendations you would make now to make it efficient or better organized for the 21st century?

ZENS: I have no creative solutions. There was a reorganization of the International Trade Administration at Commerce after I left that was intended to improve cooperation among the different ITA divisions and give the Commercial Service field a larger voice at headquarters, which I hope has helped. There is always a need for improved training to stay abreast of a changing economy and for better IT systems, including a more efficient client management system, that could facilitate communication and maybe a systematic tracking of the firms we have helped. But these are all issues that staff are well aware of, whether they have the funding and expertise to address them or not.

Q: Any reason to think that reintegration into State Department would make things any better?

ZENS: There is not an easy answer to that question, which arises periodically. On one hand, at State, the commercial officers might see some personal benefits, being part of a large organization that understands the challenges of the foreign service. At Commerce we always lagged in approving any benefit changes that State enacted, like increased danger pay or cost of living allowances, because management above the Commercial Service did not understand what serving overseas entails, in the same way that they never understood why our budgets were so different. (I recall the ITA budget analyst who said we were wasteful because he found online a cheaper apartment than the one our Senior Officer occupied in Manila. He knew nothing about Manila, had no idea that we could not live where ever we chose, that we needed to be in Embassy-approved housing for security and other reasons. Nor he did not accept my explanation.) On the other hand, we in the Commercial Service always have had a real esprit de corps. We have a very defined mission, we know what it was and we like doing it. Those of us who remember the old U.S. Information Agency (USIA) that handled the press and cultural affairs, saw what was lost when it was absorbed by State and became Public Diplomacy, just another division of State.

The real question, of course, is what would be better for the mission of the Commercial Service, which is to strengthen the American economy by promoting U.S. exports, attracting investment to the U.S. and defending American commercial interests overseas? I do not think the Commerce Department has been a good steward of the Commercial Service in the almost 40 years under its roof, as I have described above. But in terms of supporting the core mission it does make sense to be part of Commerce, which is closer to and more interested in business. The function was moved out of State because State did not show a commitment to commercial work. Large companies with issues can always get a hearing at State and in Embassies but servicing the smaller ones was not “sexy” then and I doubt it would be in the future. There have been periods when State got very interested in commercial diplomacy, as they call it, and economic officers are certainly interested in the policy issues. Whether you could move back to State and still have a robust trade promotion program is more problematic.

One task as DAS that I always enjoyed was briefing Ambassadors on the Commercial Service as part of their ambassadorial training class at the State Department. We liked to say that we were one of the tools in their diplomatic toolkit. The trade missions and Gold Key services create commercial ties between the two countries that can transcend political differences; they are part of the glue that keeps relationships going long-term. Business relations like cultural relations can persist even when things are rocky in other areas. Unfortunately, they do get taken for granted, perhaps because of that. For example, an event like our Infrastructure Conference provided a showcase for positive Mexican-U.S. relations that benefit both countries at a time when Mexico did not support our policy in Iraq. And services like trade missions and Gold Key programs with small companies build grassroots understanding in the United States of the wider world.

Another question is whether there should even be a government-funded Commercial Service. Most developed countries have some kind of service to promote their exports because they understand the importance of trade to their overall economic well-being. In

the United States the value of trade is not well understood; it is criticized from both the right and the left, which to me is missing the point. Trade is neither a good nor a bad thing; it exists. We live in a global economy and always have; it is just more obvious now. Phoenicians were trading across the Mediterranean Sea in 1000 BCE. Companies that compete in foreign markets are more prosperous and employ more than those that do not. We negotiate trade agreements to open markets and improve trading conditions for all. It stands to reason that we should help companies take advantage of those agreements.

Q: And a last question for you-

ZENS: Yes.

Q: As you were contemplating leaving the Commercial Service, a number of other officers do take jobs with companies or associations that kind of keep your hand in the kind of work, even though it might not be from the government's side.

ZENS: Right.

Q: Were you ever tempted by that?

ZENS: Not really. I have a number of friends who went to work for a consulting company or an individual company because of their international expertise, and I did have one or two companies ask if I'd be on their board. When I was ready –and I retired actually earlier than I had to – I wanted to do something different. I loved my career, I didn't regret it at all. But it took a lot of energy. It was all-encompassing, which made it very interesting, but I felt that I wanted to do some other things with my life, and I wanted a clean break. I stay in contact with friends from my time in the Service and of course, I will always have an interest in international affairs, especially in countries where I have served. I've visited countries where I have friends still serving there, which is a nice benefit, but I wanted to spend my time doing other things and putting some roots down in the U.S. and this region, volunteering for local organizations, doing artwork -- the kinds of things I just didn't do for 25 years.

Q: Alright. So, that brings us to the end of the interview. I want to thank you on behalf of ADST for allowing us into your oral history and your life in the Foreign Service.

ZENS: It was fun, thanks.

Q: We very much enjoy it and we'll be getting you a transcript to review as the final product.

ZENS: Okay, great. Thanks.

End of interview