

**COSTA RICA**

**COUNTRY READER**

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**ROBERT A. STEVENSON**  
**Economic / Consular Officer**  
**San José (1947-1950)**

*Ambassador Robert A. Stevenson joined the Foreign Service in 1947. His career included posts in Costa Rica, Ecuador, Germany, Chile, Colombia, and an ambassadorship to Malawi. Ambassador Stevenson was interviewed by Charles Stuart Kennedy in 1989.*

STEPHENSON: After the usual introductory training here at Washington, I was assigned to Embassy San José, Costa Rica, my first post. I will say that the Foreign Service, in those years, was sort of the "O. Henry Foreign Service", as he portrayed it in his story, "Cabbage and Things." A couple of clerks looked after you in the Foreign Service Institute, in terms of your travel and plans, and you pretty much had to make your own arrangements to travel by ship. I went down to San José, Costa Rica, to the port of Golfito, on a United Fruit Co. banana boat from New Orleans with my wife and two small girls and a cocker spaniel.

The experience in San José was, indeed, very interesting because I got a variety of work. I started out in the economic section and did the economic reporting, and then did labor reporting and was the first person to make contact with Luis Alberto Monge [Alvarez], who at about age 22 was the director of the Catholic Labor Union and later, of course, President of Costa Rica in recent times.

Then I was assigned to the Consular office and had experience doing consular work there. The area was full of flotsam and jetsam left over from World War II, interesting characters, I must say. Of course, while I was there in 1948, Pepe [José] Figueres started his revolution, successful, and threw out a government that was about to be taken over by the communists. There's not much doubt about this point in my mind, having personally heard the communist deputy chortling over the loud speaker system about how the Congress had annulled the elections and the Corderon Guardia elements were about to take over. But Figueres started his revolution and it was successful. I heard more shooting then than I ever did in World War II.

*Q: What was the situation there? Was the embassy a bystander involved in this? What were we doing?*

STEVENSON: The embassy, (in my innocence as a brand-new 3rd secretary and vice consul) I thought was not involved, but LTC Jimmy Hughes, who was our Army attaché, disappeared for four or five days and we learned later that he'd been giving military advice to Figueres. So in that sense, there was certainly some informal involvement. Our ambassador was Nathaniel P. Davis, a very sharp pro who had been a prisoner of war in the Philippines under the Japanese. I remember how my friend, Given Parsons, and I shook our heads and had our eyes opened when we were told not to worry about Jimmy Hughes. (Chuckles) And we didn't. Figueres' victory was very popular, no doubt about it. He had the overwhelming support of the people of the country.

When the government fled, there were three days of anarchy in the city, with small groups of what we called mariachis, young country boys from Guanacaste, who had been armed by the Picado government with .44-caliber Remingtons, single-shot Remington rifles with a soft-lead bullet as big as your thumb, and they marched around the town after the government had left, and fired these guns from time to time. Our embassy then was on the third floor of the Hotel Costa Rica.

I remember such a threesome coming down the street just at noontime as I was leaving to drive home for lunch. I thought better of it, finally, and turned back and went into the office and up the stairs to the third floor. As I went in, I heard a shot. They told me later that the bullet hit the window just below the ambassador's office and chipped bits of concrete onto the people who were looking out. I thought it was a good thing I went back, because when I came from lunch, there were blood stains all over the sidewalk across the street where some of these fellows had shot a poor guy through the stomach.

Figueres won, and then later, contrary to most Latin American victors in revolutions, he turned the government over to Otilio Ulate, who had been elected in the election in Feb, 1948.

*Q: It's really stuck since then, hasn't it?*

STEVENSON: Yes. Democracy has stuck there. Yes.

*Q: Did you have any contact or any feel about the communist group that was trying to take over at the time?*

STEVENSON: I wasn't doing political work then. Of course, I was brand new. But Manuel Mora was the communist leader down there, and was a very powerful communist leader and a member of the Congress. I can still remember him speaking to the Congress, because they carried in on loudspeakers. I heard his speech, as I say, when he was chortling about how the Congress had annulled the election and they weren't going to let the reactionaries take over the country. The Communists were supporting former President, Dr. Rafael Ángel Calderon Guardia, whose son, incidentally, is the current President.

Of course, Figures, who took over, was not a reactionary. He was very much a Latin American New Dealer type, and was determined to give the country a new structure, more interest in the little man and so forth. That's the line that his party has taken ever since. But the communists fled. When the government fled, the communists fled.

Our house then was right across from the airport, and my wife heard a commotion over at the airport. She went out to the front gate, and this DC-3 was down there with its engines revving. A jeep rushed out on the field, and a man got out and began firing at the DC-3, which thereupon went to full throttle and took off. That was the plane in which Carmen Lira, a communist schoolteacher, who had been Mora's teacher, and Manuel Mora left on and got away. I believe, in later years, Mora was allowed to come back and live quietly, and never caused any more problem. Carmen Lira died abroad.

As I say, in San José, there were then many "Characters." One of the most unforgettable characters I met was Alex Asser Cohen, who had been there for 20, 25 years and all through World War II as a member of the Embassy staff. We always thought of him as a real diamond in the rough. He was born in Amsterdam, Holland about 1900 and ran away to sea at age 13. He was the political officer when I got down there. He had been a clerk for the military attaché for many years, and had gotten acquainted with all of the Germans in Central America, so they had assigned him to the State Department office that was watching Germans in Central America. I learned a lot from Alex. He'd been around there a long time and was an expert in many things. Ambassador Bob Woodward wrote a little memorial about him that came out in the DACOR Bulletin about a year or two ago. They finally got him transferred out of San José, and he was on his way through Washington to Manila, I believe, and was sitting in on an ARA staff meeting. I've forgotten who was Assistant Secretary then. Questions came up about the situation in Costa Rica, and everyone turned to Alex who had all the answers. The Assistant Secretary said, "Who is that man?"

They said, "Well, that's Alex Cohen. He's been in San José a long time."

He said, "What's happening to him now?"

They said, "He's going to Manila."

He said, "No, send him back to San José." So he was sent back to San José and finished his career down there, which was as he wished.

There were many other characters, Jimmy Angel and several other old pilots, gold miners, sailors, tuna and shark boat owners, G.I. Bill veterans, etc. Alex, incidentally, was a world authority on Mozart and had some first folios of Mozart. He was the first person to have a hi-fi in San José, the cabinet made from an old Honduran mahogany bank counter. He was a world-known stamp collector. He was a world-known orchid grower. These were all sidelines. He retired to Gainesville, Florida. I'm sorry to say he died about two or three years ago.

Costa Rica was a very interesting post to get started at. Then much to my chagrin, I was assigned to Guayaquil, Ecuador.

Q: *Why to your chagrin?*

STEVENSON: Well, I thought that I should go to another Embassy. I had been doing consular work and I wanted to get back into political work. I thought, well, if I go to Guayaquil, it will be just consular work and a hot, tropical port. It turned out to be quite an interesting experience.

Q: *I might say, for the dates, you were in San José from '47 to '50, and from Guayaquil from '50 to '52.*

**ROBERT F. WOODWARD**  
**Ambassador**  
**Costa Rica (1954-1958)**

*Ambassador Robert F. Woodward was born and raised in Minneapolis, Minnesota. He entered the Foreign Service in 1932. Ambassador Woodward's career included Deputy Chief of Mission positions in Bolivia, Guatemala, Cuba, and Sweden. He was ambassador to Costa Rica, Uruguay, Chile, and Spain. Ambassador Woodward was interviewed by Charles Stuart Kennedy in 1987.*

Q: *This is Scott McLeod, who was known as Senator Joseph McCarthy's hatchet man.*

WOODWARD: Yes. When he came in, I let the Assistant Secretary for Latin American Affairs know that I would be delighted if he would request my services as his deputy, which he did. McLeod was a little put out that I was being requested, but I told him that I thought he would want to have his hands free to pick a person that met with his complete approval, someone he would select himself as chief of personnel. So he was reconciled to this.

I went back in to the Latin American bureau, and then after a year and a half, was eligible for the appointment as an ambassador, and I was nominated as Ambassador to Costa Rica.

Q: *Before you went to Costa Rica, you had been DCM, you had been a desk officer. What ideas did you take with you of things to do and not to do as an ambassador, that you had learned from your various jobs?*

WOODWARD: Perhaps the first and simplest element that occurred to me was to try to work persistently in whatever way seemed appropriate at the moment to solve the problems we had with the particular country. We always did have problems with every country. They were mostly economic and trade problems. In some cases, there were grievances of American companies against the government for allegedly unfair treatment, such matters as allegedly unfair taxes or exchange regulations. Anyhow, the idea of problem solving was probably the most important.

Secondly, we were engaged in aid programs very early in the game in Latin American affairs. The aid program really began about 1938 and '39. It was something which was not being done in other parts of the world, unless there were very special requests, such as for technical advice; then there would be an ad hoc effort to find a technical expert. But a law was promulgated in 1938 to facilitate the loan of technical experts from any U.S. Government agency to assist any Latin American government. One of my bosses in the Latin American division, Ellis Briggs, in 1939, was made chairman of an interdepartmental committee which was authorized to respond to requests from Latin American countries for technical advisors, and to work out arrangements for a participation between the foreign government and our government in paying the additional expenses over the basic salaries, which, in most cases, continued to be paid by the U.S. Government.

As I say, my boss, who was Ellis Briggs, was the chairman of this committee. He started looking around for someone to work out the details. This was sort of breaking new ground. He asked me if I would try to work out the question of how much extra it would cost for a technical expert to live in a country where he would be assigned. As a matter of fact, this resulted in a rather interesting little development.

The first request was from the Government of Venezuela for someone to reorganize the Venezuelan National Library. We got from the Library of Congress an offer of the services of a very competent lady librarian to go down to Venezuela and do this. Expenses at that time were very high in Venezuela. There was a very disadvantageous exchange rate, which had been distorted because of the large oil shipments from Venezuela. So the additional expenses for this lady to go to Venezuela came up to a fairly substantial amount as compared with her salary, which she was getting regularly from the Library of Congress.

So I prepared the documentation and the suggested reimbursement of part of this from the Venezuelan Government. One of the clauses in this law was that the President of the United States had to approve each of these requests and transactions. So the file went over to the White House through my chiefs and Sumner Welles--first Ellis Briggs, then Larry Duggan, then Sumner Welles, and then to the White House. The Secretary of State, Cordell Hull, delegated such Latin American affairs to Sumner Welles. But the file came back. Up at the top of the file, in President Roosevelt's handwriting, [it would be interesting as a collector's item to get that notation]--he said, "I think that these allowances being given to Miss So and So are really too high. My sources of information [and we learned that they were some of the people from the Creole Oil Company, a Standard Oil subsidiary] say that this can be done on a more reasonable basis."

Well, immediately we recalculated the costs, and we pared down some items, and sent the file back to the White House, and the President approved it, but this notation by President Roosevelt is on the file, in his own handwriting. It was a minor but, to me, interesting early experience.

In any event, this technical assistance program went ahead. I handled several of these requests in addition to my regular country-desk work, and finally we got a man to do them full-time, who did them very well. So this was an interesting beginning of a new program.

Soon after that, I think about the time I went to Bolivia, the Office of the Coordinator of Inter-American Affairs was created under Nelson Rockefeller. This was divided into three sections, to give assistance to Latin American countries in health, education, and agriculture. In almost every country of Latin America, we had experts in those three branches of work. We were thinking in terms of trying to assist the American republics, as a method not only of generating friendship and showing our desire to be helpful, but actually to make a substantial contribution to their economic and health and educational development.

Larry Duggan, my boss, had separately made quite an innovation in establishing a section on cultural relations, which was separate from the Latin American bureau, but very closely related to it, and physically in the next corridor of the Department.

In other words, he was trying to develop new ideas on how we could strengthen our relations with Latin America. Of course, before World War II, there was a much greater concentration on relations with Latin America than there has been since.

My thinking was channeled into the question of how can we help these countries. That, I think, led me to develop the idea that if I should ever be made an ambassador, that I would try to pay a great deal of attention not only to ways in which the United States could, without exorbitant expense, contribute to concrete, new developments in the country to which I might be accredited, but also to take an interest in anything else that was being developed by the government and people of the foreign country, which appeared to have potential for contributing to their own development. I thought that we could show that we were interested in improvement and in growth and development by showing an interest in both the things that we might be able to do and the things that they were doing on their own.

Jumping rather drastically to my last foreign assignment, eventually, to Spain, I think that one of the interesting aspects of the assignment to a European country, for a person whose entire training had been in Latin America (with the exception of my period in Stockholm and my early few months in Canada), the interesting thing was using some of these methods and attitudes that we had in the Latin American section in a European country.

We had had a considerable aid program in Spain, which was of a different type, in that we were giving Spain substantial amounts of money to import scarce materials during a very difficult time for them. The Spanish paid for these materials in local currency and the U.S. used a part of this local currency to build and operate three air bases, a naval base, and a pipeline system to fuel the aircraft. We also used this local currency to pay the costs of our State Department, Foreign Service operations. But there was a very large amount of local currency left over, and we loaned back to the Spaniards most of the remaining local currency for economic development projects. A great many of such development projects had been carried out before I arrived in Spain, and I made it a practice to try to go around and admire the results of all of the various projects that had been developed with these local currency loans. The irrigation projects and reforestation projects were some of the most conspicuous ones. There had been improvements in their transportation system and in their railroad system. I believe our relations were helped by showing that the United States is really very much interested in improvements, in growth. So that was a large

element in my performance of my job as an ambassador when I went to Costa Rica and subsequently in Uruguay, in Chile, and in Spain.

One of the projects that I had worked on during my years in the State Department before I went to Costa Rica was the construction of unfinished sections of the Inter-American Highway. The U.S. had agreed to contribute to the development of this road from the United States down to Panama. I believe it was in a law of '34 that we promised the U.S. would provide two-thirds of the cost of constructing, up to a certain modest standard, any part of the highway that was unfinished, if the other government would provide a third of the cost. We got into the practice of even loaning them the money for the third that they paid.

This highway had been nearly completed. The Mexicans had completed their part at their own expense. They did not wish to be beholden to the United States for the highway. They had done their part. The highway was pretty well completed in most of the other countries, but there were a number of gaps, and the biggest gaps were in Costa Rica, which was the country to which I happened to have been appointed.

So before I went to Costa Rica, I was determined that I was going to start in immediately to compile the information to show approximately what it would cost to complete the highway in all the sections, not only in Costa Rica, but in the other countries. It so happened that the headquarters of the Public Roads Administration, which was doing the work that we had promised to contribute to, was in Costa Rica. So immediately, the head man, who was a very able guy named Marvin Harshberger, and I got our heads together, and we began compiling the data.

Am I getting ahead of myself?

*Q: Not really, no.*

WOODWARD: This leads into a very interesting incident. In Costa Rica, the Public Roads Administration had taken on the job of directly supervising the construction work on a modest section of the highway entirely by itself, with the required one-third contribution from the Costa Rican Government and participation by Costa Rican engineers. This section was the link that would complete a highway between Costa Rica and Nicaragua, in the northern extremity of Costa Rica.

At the time I arrived in Costa Rica, unbeknownst to me, a group of some 450 men was being trained in the barracks of the Somoza Government in Nicaragua, to attack Costa Rica and try to overthrow the government of Jose Figueres.

*Q: Excuse me. Which Somoza is this?*

WOODWARD: The eldest.

*Q: Anastasio.*



WOODWARD: Anastasio, known as "Tacho" Somoza. Somoza, afterwards, said to me personally that he didn't really give them much help--just "a handful of firecrackers."

The CIA was apparently aware of the fact that Somoza was harboring and giving some assistance to this crew of the so-called Caribbean Legion, which, in this case, consisted of Costa Rican dissidents, but also a large number of volunteers and mercenaries or soldiers of fortune from all over the Caribbean region. These people, as I say, of whom I was totally unaware, were preparing to attack the Figueres Government.

Oddly enough, when I went around and made my protocolary calls, before going to Costa Rica, one of the people I called on was the director of the CIA, Mr. Allen Dulles. He made the very odd remark to me, "I want to assure you that the CIA is not going to attempt to overthrow the Figueres Government." I didn't know quite what to make of that remark. [Laughter] But I later discovered that what he really meant was that the CIA was not reporting on this subject, but was aware of it. The reason that the CIA was apparently turning a deaf ear to this was that Somoza had been of assistance in the overthrow of Arbenz in Guatemala a year or so before that.

*Q: This was the Peurifoy period.*

WOODWARD: Yes, that had occurred, just a few months before. Apparently, Somoza had let his airfields be used for planes that flew over Guatemala City in the course of that incident. Therefore, out of appreciation to him for his services, nothing was being said about this. That's the only way I could make out the reason that I didn't know about it; nobody told me about it. My CIA man told me afterwards that he knew all about it.

*Q: But you mean you went out as ambassador--because in reviewing, before talking to you, this was on the front pages of the major newspapers, the tension between Costa Rica and Nicaragua. But our intelligence people kept you in the dark?*

WOODWARD: Yes. Our intelligence people not only kept me in the dark, but the tension you refer to has long been a chronic thing between Nicaragua and Costa Rica; there wasn't any particular new development in the papers that I'm aware of during this period, until the "invasion" of Costa Rica actually took place in January 1955.

In any event, one day in January 1955, I received word, by radio telephone, from the Public Roads Administration people who were working up in northern Costa Rica (through Marvin Harshberger, who was their boss in San Jose) that this invasion was occurring, an invasion of 450 men coming across the border. The Public Roads people who were constructing the highway within a few miles of the Nicaraguan border naturally pulled back to their base camp, which was some 25 or 30 miles from the border. They had a large quantity of trucks, and they began to get some indications--one or two stragglers or scouts came in and said the invaders were going to try to get the Public Roads trucks in order to ride into San Jose. So we, of course, told the Public Roads people to bring their trucks farther back from the Nicaraguan border, and they brought them all back to the town of Liberia, the biggest town in northern Costa Rica.

Immediately, the Assistant Secretary for Latin American affairs got in touch with the Costa Rican ambassador in Washington and suggested to him that he call a meeting of the OAS Council and have an immediate investigation started. I thought this was a rather friendly act to Costa Rica on the part of my chief, Henry Holland, who was a very able fellow; he was obviously not following the policy of the CIA.

The investigating committee came down very promptly, and they started shuttling back and forth by airplane between Managua and San Jose, trying to get Somoza to call off the invasion, although Somoza said he wasn't running it at all, that he had only let them use his barracks for training. Well, the investigating committee wasn't getting very far in this effort to try to negotiate a cease-fire, when, about four days after the invasion had begun, one of the airplanes which had been obtained by the insurrectionists flew over San Jose and fired off machine guns, on the horizontal, dropping the empty shells along the main streets of the town of San Jose. That one airplane flight really worked up feeling in Costa Rica.

Oddly enough, Henry Holland had telephoned me at 8:00 o'clock in the morning, just before this happened. It was early, because I seem to recall that I was still asleep when he telephoned. He said, "Bob, is it raining down there?"

And I said, "No, it's a beautiful day."

And he said, "Well, you want to watch out. It may be raining." And he knew this was going to happen, you see. Anyhow, it did happen immediately. I had just laid down the telephone when I heard that airplane overhead. Our house was 5 miles out of town. The airplane had just shot off its machine guns over the city of San Jose.

This occurred on a Thursday morning; the next day, I was talking to Holland on the phone, and I said, "The investigating committee is doing a very fine job of trying to knock heads together, but I think the Costa Rican Government is probably going to ask us for some airplanes that can match the airplanes of the guerrillas." The invaders had two or three little planes; they had a DC-3 that had been given them by the dictator of Venezuela, and they had the World War II P-51 that had been loaned by the Guatemalan Government.

*Q: These are the guerrillas.*

WOODWARD: The guerrillas, yes. The fellow who had shot the guns off over the streets of San Jose was a man who, I think, was an American soldier of fortune, and was operating an old World War II fighter plane, a big propeller P-51. The propeller was almost bigger than the airplane. Well, anyhow, he was operating this old World War II crate. Jerry Delarm was his name.

The Costa Ricans didn't have any Air Force; they did have a good commercial airline with a couple of Convairs and maybe one or two DC-3s, and they had some damn good commercial pilots. So I told Henry, "I think they're probably going to ask us for some airplanes, pronto, to try to meet this threat."

Well, a couple of hours later, I received a telephone call from the foreign minister asking me if I'd come down to the foreign office, that the President Figueres was going to be there, and a couple of other people. They said they'd been talking this over, and decided that they wanted to ask the United States if the United States would sell them a couple of these same P-51 airplanes. So I immediately telephoned Holland, and he said he would look into the availability of the planes.

In the meantime, I said, "I think you ought to call a meeting of the OAS Council," (under the system by which the council would be constituted as a "provisional meeting of foreign ministers" under the Rio treaty) to approve this sale, if we could make the sale to them. I said, "I think we ought to make this sale and get these airplanes down here fast."

Henry said, "Spell out what you are suggesting in a telegram and send it right away so I can show it to Mr. Dulles."

Henry Holland found, through the Pentagon, that the desired airplanes could be obtained from the Texas National Guard at Kelly Field.

I found out later that Holland spent a good part of Saturday morning arguing with Mr. Dulles at his house about this, and Dulles finally approved the sale. My argument, which was used by Holland, was, "We ought to get the OAS into this and make it a multinational thing." We already had the multi-national investigating committee there. "We ought to get as much participation from the inter-American organization as possible to make up for the bad reputation we have because of U.S. unilateral action in the overthrow of President Arbenz of Guatemala," this had been done as a much more arbitrary action, without the participation of the OAS.

So Henry Holland had agreed with this, and Mr. Dulles finally agreed with it. They called a meeting of the OAS for that Saturday night. This had been an idea Friday noon; the request had been made Friday afternoon. The meeting of the OAS was held on Saturday evening. It didn't wind up 'til about 1:00 a.m., and it came out with a resolution not just approving our sale of four P-51 airplanes, but requesting the U.S. to sell the airplanes to Costa Rica!

*Q: Kelly Field--I think it's in San Antonio.*

WOODWARD: Yes. And the Texas National Guard was prepared; as a result of the Guatemalan exercise, they already had experience in this, because they had loaned P-51s for that, or at least instructors in piloting P-51s.

Anyhow, the resolution that came out requested us to make the sale. This made it really multinational, you see, with much more multinational responsibility than just approving our individual action.

The pilots told me later that on Sunday morning, one of them was out mowing his lawn near Kelly Field; he said he got a telephone call telling him to be ready to take off at 3:00 o'clock in the afternoon in a P-51, to refuel and rest in Mexico City, and go right on to Costa Rica. The three airplanes arrived in Costa Rica on Monday morning at about 10:30 at a new airport that

was being built. The building was still under construction, but a very fine airstrip, 8,000 feet long had been completed--so recently that these were the first planes to use it. Naturally, I was out there with the Costa Ricans to receive and welcome these planes. [Laughter] (I had received a telephone call on Sunday from the Commandant at Kelly Field expressing concern that the airplanes might get into combat with the U.S. insignia on the wings; I had promptly asked the Costa Rican Director General of Civil Aviation to be ready to change the insignia.) When the P-51s landed and before the pilots had managed to loosen their harnesses, there were painters under the wings, painting out the U.S. insignia and putting on the Costa Rican insignia. The Costa Ricans responded to this request very efficiently.

The American pilots promptly asked, "Where are the people we're supposed to train to fly these planes?" Five Costa Rican pilots were lined up in front of them, and the chief American pilot said, "Well, here is an instruction book for each of you. I want you gentlemen to master this by 5:00 o'clock this evening. If you can answer a number of questions the first thing tomorrow morning and if you feel you're prepared, you can take the planes off."

The result was that two of the Costa Rican pilots of the LACSA airline checked out the next day. Their names, oddly enough, were Guerra and Victory--~"war" and "victory." These two Costa Ricans checked out on Tuesday morning and piloted the planes so well that on Wednesday morning, they were up over the encampment of the 450 invaders in northern Costa Rica and fired on them. This effectively ended the revolutionary attack. The sale of the airplanes to the Costa Rican Government (\$135,000, including ammunition!) showed clearly that the U.S. and the OAS were opposed to the military invasion.

Then there was a lot of mopping up. The 450 men immediately ran back into Nicaragua, and they stayed right across the border. Somoza let it be known that if anybody fired into Nicaragua, he was going to send the whole Nicaraguan Army in to conquer Costa Rica. He was blustering about it.

The men stayed right next to the border. The five-man investigating committee of the OAS, with a very able American representative on it, John Dreier, developed the ingenious idea of declaring a non-combat zone for about 3 kilometers on each side of the frontier. Well, that had the effect only of allowing the guerrillas to come across into Costa Rica and kill a few cows in somebody's pasture there in order to feed themselves. One little group made a lateral end-run and came into Costa Rica some 30 miles inland from this place, and the Costa Ricans sent a daring little group in a DC-3 up to the town which these fellows attempted to get, and chased them back into Nicaragua.

Well, the upshot, finally, was that since they couldn't get the people out of this border demilitarized zone, the investigating committee said, "All right. We will cancel the demilitarized zone and let the Costa Ricans chase them into Nicaragua if they will." Well, immediately the guerrillas all went farther back into Nicaragua; they were disbanded and were sent wherever they wanted to go. The Nicaraguan Government did nothing to continue the military effort, and the invasion was over.

*Q: It sounds as though Allan Dulles was working on Foster Dulles to keep the pot boiling a bit, as far as the planes were concerned; in other words, Foster Dulles was a bit reluctant to sell the planes. But the State Department knew that this attack was going to take place beforehand; otherwise, you wouldn't have received a call from the Department of State. Was there a feeling later that the CIA was more involved in this attempt to overthrow Costa Rica than that?*

WOODWARD: No, I don't think there was. I think that the CIA attitude was only that, "We will turn out backs on it and not report on it. If Somoza wants to help this group of the so-called Caribbean Legion, that's up to him. He's our friend, and we'll let him do what he wants to do." I think both the Dulles brothers had a distinct distaste for Figueres. They thought he was a rather dangerous leftist or radical. But he was democratically elected, no doubt about that. It seemed to me that it was a very good opportunity for the United States to get back on track in using the inter-American machinery and to protect a democratically-elected government.

*Q: What was your impression of the Figueres Government when you were down there?*

WOODWARD: I think their measures were very well intentioned. I think Figueres had a somewhat "contrived" and rather phoney liberal stance, but his was a more democratic attitude, I think, than the opposition, the conservative coffee-growers and ranchers.

*Q: In Costa Rica.*

WOODWARD: In Costa Rica, yes. It's very difficult to appraise the merits of opposing parties of this kind. There was no element of communism in either party. There was a communist oriented candidate who had been in the Costa Rican Government long before, and both the main parties seemed to be equally opposed to him. So I thought it was a pretty fair government, on the whole, but I am not as enthusiastic about it, in retrospect, as I was at the time.

*Q: Did you have any problem in reporting? Did you find yourself at odds with the State Department? Were they looking for more critical reports?*

WOODWARD: No. No, there wasn't enough interest in it. As far as I know, I never heard Mr. Dulles make any real invidious comments about the Figueres Government. But when I went in my farewell call, before I went to Costa Rica, Secretary Dulles said, "You want to remember, Woodward, that the people that we have to depend upon in Latin America are the so-called dictators. They're the people who will cooperate with us." Well, I was going to a country that did not have a dictator, but the neighboring country had one: Somoza. [Laughter]

*Q: But you didn't feel under any particular pressure in order to meet this type of--I won't say "bias"--but a slant?*

WOODWARD: No, I didn't, really. I think it shows that the man on the ground can have some influence on what the United States Government does. I was pushing for support to a democratically-elected government, and also for more participation of the OAS, which can take part of this burden off the United States.

*Q: How did you find you were supported by your staff at the embassy in San Jose? Did you feel you had a good, solid staff, or was it a weak one?*

WOODWARD: There were only one or two who would have any bearing on this particular situation. I was very lucky in my deputy chief of mission, Allan Stewart. He had had a lot of experience in Venezuela and Colombia, as a newspaperman. He'd come into the Foreign Service, had been in Chile, and was more knowledgeable about Latin American thinking and politics than most of the people that I had run across in the Foreign Service. He was all in favor of doing what we could to help the Costa Rican Government in this situation.

There was another man there, who had been there for over 20 years as a more or less permanent member of the staff, named Alex Cohen. He was very helpful, because he knew the country so well and knew the Costa Ricans. From that point on, really, the rest of the staff might as well have not existed for any political problems. They were very competent in their fields, in the economic section, administrative, consular, and cultural relations. We had a very good man in cultural relations, who, I thought, happily concentrated on relations with the University of Costa Rica, which he did very effectively. He built up quite a cooperative relationship there. Incidentally, he was Willy Warner, who wrote Beautiful Swimmers, about the crabs and crabmen of Chesapeake Bay.

*Q: Oh, yes, and a book about deep sea fishing, too. Distant Waters.*

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WOODWARD: Yes. I was in the State Department when the coup against President Arbenz was carried out.

*Q: This was in Guatemala.*

WOODWARD: Yes. Up until a few weeks before the military action began against President Arbenz, I was totally unaware that the plans existed for this coup. I knew that there was an officer in the Latin American division whose work was considered to be very secret, and that I was not supposed to do anything to interfere with him. He was the man who was handling all of the liaison of the State Department with the CIA preparations in Guatemala and in Honduras, where there was a military group being formed.

*Q: This is what year?*

WOODWARD: This was 1954. In any event, along about the end of March of 1954, my chief, who was Henry Holland, a very able lawyer from Houston, Texas, who was Assistant Secretary, called me in, and he said, "Bob, I've just been told by Secretary Dulles about the formation of a plot that's being developed by the CIA to overthrow the government of Arbenz in Guatemala. I told the Secretary that I didn't come in [he'd come in only a month and a half before] to take this job to handle relations with Latin American in this way. I'm tempted to resign. I'd like to have you go away and think about this, and come back in two or three hours, and give me your recommendations."

Well, two or three hours later, I went back to his office, and I told him that I thought he ought to stay and try to see if he couldn't persuade the Secretary of State to let him do his utmost to resolve the situation of Arbenz in some way other than a military attack sponsored by CIA, with a group forming in Honduras. So as far as I know, I wasn't being hoodwinked on it, and Holland told me a few days later that Secretary Dulles had given him until the end of 1954 to try to "solve" the problem in some other way. Holland held a series of meetings with Latin American diplomats in Washington, but nothing came of them, and the attack on Arbenz's government took place in June 1954. I was offered appointment as ambassador to Costa Rica in July.

**DERK S. SINGER**  
**Training Officer ICA, USIA**  
**Costa Rica (1958-1960)**

*Mr. Singer was born in New York City and graduated from NYU and SAIS. He served in numerous USAID missions in Zaire, Kenya, Ecuador and Cameroon. He was interviewed by W. Haven North in 1999.*

*Q: Anything else on that experience? That was quite a beginning.*

SINGER: Well, towards the end of my first two year tour at MSA, our Mission Security Mission to China, specifically, MSM/C was the name of our mission. It may have been part of MSA, overall, but that is what we were called. Anyway, towards the end of that first two year tour I had with AID, I was asked whether I wanted to sign up for another tour, because four years at an AID post was not the standard it later became. Still, it was normally a question of an officer just saying "yes", if a mission wanted you to stay. That was the way the system worked at the time. Well, I preferred to go to the "real" Southeast Asia. Remember, I had studied places like Vietnam, Cambodia, and Laos, Thailand, Indonesia, and so forth. I was particularly interested, intellectually at least, in Southeast Asia somewhere to the south of where we were in Taiwan. We had missions in all of those countries at the time. So, I said, "I would kind of like to find out whether there is anything open there." I had met a fellow named Lee St. Lawrence, I don't know whether that is a name you remember or not.

*Q: Yes.*

SINGER: He turned out to be the Director in Laos at the time. I wrote to him saying, "I am kind of interested, if you have a slot open there in Laos, to join you there after Taipei." He wrote back, "Sure, that would be fine. I am interested and we are building up our mission here." So, I told Ruth and the two children to get ready for Vientiane, and we sent sort of a courtesy message to AID Washington (or MSA Washington), to tell them, you know, "Singer is interested in a switch." The mission in Taipei said, "We would like him to stay, but we would release him." We figured that would be a quick turnaround, that Washington would come back and say, "Okay, fine." That is the way it had happened before: if everybody was happy, no problem. This time, though, Washington came back and said, "No, we want Singer to go to Costa Rica. We have

looked up his record and found that he speaks Spanish, and we need a Spanish speaker with some background in international training to go to Costa Rica now as the Training Officer." Again, remember training was a pretty important at AID missions, most of which had one or two American direct hire training officers. So, I looked up Costa Rica in the atlas and, as it looked like a pretty nice place, I said yes. My boss said, "This is the first time we ever heard of Washington interfering in a field-arranged transfer when everybody else had agreed. But, if you are happy with that, go ahead." So, we decided to go back to Latin America, and San Jose was certainly worth it!

*Q: What year was this?*

SINGER: That was in 1958.

*Q: So, you were still with ICA?*

SINGER: Right. I was in Costa Rica for a year and a half, doing my thing, helping to run an in-country English language training program. Also, I recruited, screened, and prepared people to go to the U.S. and, in some cases, to other Latin American countries for advanced technical training. I did a few TDY's to other nearby Central American countries. Low and behold, within about six months of getting ready to leave Costa Rica, the word went out from AID Washington that I was needed back in Africa.

*Q: Before we go to Africa, let's talk a little more about Costa Rica. What was the situation there then? Costa Rica has done well.*

SINGER: Costa Rica was a wonderful post, a wonderful place to live. It was an interesting program. We were very interested in preserving Costa Rica's reputation as being a democratic showcase country that, instead of the usual military dictator so prevalent then in Latin America, had a president and open, free, and fair elections. Also, it was the only country in Latin America without even a standing army. To my knowledge it still does not.

*Q: Did you understand why they were doing so well compared with other places?*

SINGER: Well, I think it had most to do with the national leadership of the country. The fact that the political parties, as such, for good reasons or bad, managed to get established early on, and not just around a macho kind of personality cult - something which seems to be the bane of politics in so much of the developing world today. But, in Latin America, I am not sure why Costa Rica was the one, or the earliest at least, along with Uruguay in South America, that began to develop a strong civilian tradition of free and fair elections and a democratic government. Probably their loved and highly respected leader, Pepe Figueras, had something to do with this. Anyway, working to identify and select people for advanced professional training, without having to be worried about politics and rank (something we often had to worry about elsewhere) - this was a real treat, and my colleagues and I enjoyed it a lot.

*Q: What was the training emphasis; any particular fields?*



SINGER: Our diverse programs were done through “Servicios”, that is to say AID operating through the frameworks established by the old Rockefeller Foundation institutions, principally in education, health and agriculture.

*Q: What did you think about the servicio systems, how did they work?*

SINGER: I never worked in one. Of the American technicians or AID officers, who worked in our missions, many were attached to Servicios, worked closely with their national counterparts, and seemed very pleased with the system. I recall they also liked the strong research aspect of the system, since it complemented the hands-on, field side of the system.

*Q: Did you understand why we had Servicios, rather than use the ministries or government?*

SINGER: Well, the Servicios were meant to bring in the local governments in ways that would minimize, if not eliminate, the substantial political influence that working exclusively or directly with central ministry staff would bring about. I think in many cases, that approach worked. There were exceptions, but the Servicios apparently did often keep politics at a distance and helped both U.S. and national scientists and technicians able to advance what they wanted to do, in particular, the areas of health and agriculture. Costa Rica seemed to have some of the best such programs. For my part, it clearly improved the quality of participants we could select for advanced training abroad.

*Q: Somebody described Servicios as shadow governments that by-passed the existing ministries.*

SINGER: That may have been the case elsewhere, but not from what I saw. It seemed to go well.

*Q: All right, it was more institution building than trying to fill up local capacities?*

SINGER: That's right, exactly.

*Q: Any particular feature of the training program that you were promoting?*

SINGER: Once again, training in the English language was a prerequisite to getting into graduate studies in the United States. We pushed pretty hard and worked very closely with the U.S. Information Service in a joint school that we ran in San Jose. AID and USIS (in the field) ran a successful joint English language training and orientation program there for people we were each preparing to send abroad. I spent a good deal of my time on that. In fact, the program there became so large that we actually had two American direct hire training officers.

*Q: What numbers are you talking about, roughly?*

SINGER: Oh, I guess we went up to about 500 during the time that I was there, which was supposed to be two years, but turned out to be a year and a half .

*Q: Sent to the United States for training?*

SINGER: We sent most to the U.S., but also to third country training institutions in South America, Panama, and the West Indies.

*Q: What was the concentration of the training?*

SINGER: It was largely to try to build up the Servicio-connected and supported institutions, as such, so we were talking about agriculture, health and, to a certain extent, education.

*Q: Any students stand out in your mind? I guess you call them participants.*

SINGER: We did call them participants. We still have a number of friends some of whom went up in the government, and some of whom went up in their careers in various private fields, with whom we keep in contact. So, yes, we have a number of good people that came out of that program.

*Q: The numbers might have suggested a fairly substantial investment and leadership, and technical leadership?*

SINGER: Absolutely. Yes, it was substantial.

*Q: Do you have any sense of how you might assess the impact of that? Apparently, it is kind of difficult, but . . .*

SINGER: As a matter of fact, we conducted a training evaluation there. As I recall, I did develop a pretty good, and fairly detailed evaluation instrument questionnaire, and we did sample questionnaires, and what have you. In fact, that was largely what my assistant was hired to do - to run that evaluation on a national basis. It is a small country, so it wasn't all that difficult in terms of coverage. And it turned out to have good, strong, positive results. I remember that.

*Q: Some people have said that evaluating training to determine development impact is very difficult.*

SINGER: It is not easy.

*Q: We will come back to that later.*

SINGER: Okay.

*Q: Anything else on Costa Rica before we move on?*

SINGER: Well, no. I was just getting to the point where we thought this was going to be a full two year tour, and maybe coming back for a second one, because it is such a nice place to live, to work, when...

*Q: You finished up in Costa Rica sooner than you thought?*

SINGER: Yes. A little over a year into our tour there, AID Washington announced, "We want to go into the new African countries, the new independent African countries, as soon as we can." The push started in 1960.

**GEORGE A. MCFARLAND, JR.**  
**Rotation Officer**  
**San José (1960-1962)**

*Mr. McFarland was born and raised in Texas and educated at Southern Methodist University and the Universities of Texas and Princeton. After a brief journalist career, he joined the Foreign Service and was assigned to the Passport office in Washington. His subsequent overseas assignments, primarily as Political Officer, were in San Jose, Nicosia, Istanbul, Lima, Ankara, Brasilia and Antigua, where he served as Deputy Chief of Mission and Chargé d'Affaires. He also served as Cyprus Desk Officer in Washington. Mr. McFarland was interviewed by Lewis Hoffacker in 1999.*

*Q: So Costa Rica did that? Did that please you?*

MCFARLAND: The assignment initially struck me as awful. I wanted someplace where things were going on. And yet, it turned out to be almost an ideal first post. You could make almost any mistake, I think, and then you would have been forgiven, and people were friendly, and you could see how things work in an embassy and in an overseas community.

*Q: How about relations between Washington and Costa Rica?*

MCFARLAND: Extremely friendly. The Costa Ricans - I think if we had wanted another state, they would have signed on.

*Q: But you had enough Communists to watch.*

MCFARLAND: Yes, this was Cold War time, and the Cubans were working there. But there were also some Cuban exiles by this time. This was February of 1960, when I arrived. And Cuban exiles began arriving I guess before May.

*Q: What were you working on your first assignment, political, economic?*

MCFARLAND: No, my first assignment was consular work. I was vice-consul in a two-man section. But it was easy consular work, in the sense that we did not have a long line of visa applicants that you do now. It was not a visa mill. I had a mixture of visas, welfare and whereabouts, and citizenship papers. And the consul went off on delayed home leave, I think it was, leaving me in charge for a couple of months. In September, I believe, an aircraft carrying three Americans disappeared somewhere in Costa Rica. There was an airplane overhaul facility near Costa Rica which a number of the US airlines used, cheaper to have their aircraft

overhauled there than in the States. Two of the chief pilots of, I believe, Eastern Airlines had flown an aircraft down there and had time to kill and met an American rancher from Costa Rica. He invited them to see his ranch. He would fly them there the next day. They had to sleep off their hangovers, so it was after lunch, I think, before they took off, and this was at the time of year when Costa Rica every afternoon was covered by rainstorms. The rainy season in Costa Rica starts usually in April, and the showers begin late in the day and gradually advance, so that by late September one o'clock is sort of a bad time to take off. But these were two senior pilots of Eastern Airlines and a guy who had come to that area and thought he knew the country. They disappeared. I was the consular officer.

*Q: It was your case.*

MCFARLAND: The Costa Rican civil aviation authorities mounted an air search. We should have been setting up a grid and checking each square in the grid. And that was declared over in about three or four days. The family was going out of its mind back in the States and sending telegrams and phoning and so on. After a week or so, I got a message from some other American living way out in the hinterland that he thought he might have seen a crash out there, so I got the AGS people to lend me a helicopter with crew. The American Geodetic Survey. It's an army outfit that operated - and still does operate in many Latin American countries - mapping or helping the local authorities to map. They took me down to this man's ranch, and we checked out the area thoroughly, and then I chewed out the rancher for a false alarm, and we came back. I did get in a little experience in the helicopter. Then after another week or so and many more frantic telephone calls, I got word from some people back in the jungle that they had seen way off in the distance something on some trees, and maybe this could have been the airplane. Well, we had nothing else to check, so I asked the police to provide me a patrol, and I borrowed a jeep from the army attaché, a Jeep station wagon, and headed with the patrol back into this area. Well, we stopped for the night at a beaten-up hotel and had dinner there, and dinner must have been loaded with bad things. I got sick that night, and we drove on out anyhow and started out into the jungle with a couple of local guides. We made camp, and the next morning I was just debilitated. I tried to keep warm, and I was holding up the others. So I sent them on alone, and this guide took me back to his hut where his wife was living and put me in a storage room to sleep. They came back without finding anything.

But six weeks later, which is the normal incubation period, I believe, for hepatitis, I came down with hepatitis.

*Q: You picked that up then?*

MCFARLAND: It must have been.

*Q: What about the crash?*

MCFARLAND: We never found any sign of them.

*Q: Could it have gone in the ocean?*

MCFARLAND: I think that's probably what happened. This would have been a reasonable thing to do. It was too dangerous to let down. . . . They may have got caught in the clouds, and without navigation equipment. Under those circumstances, it would have been reasonable to fly west over the Pacific a decent time and then let down very, very slowly and hope to see the water, and they turn back in and at least find someplace to land. But these were superheroes, so maybe they did it some other way. But we never found a trace. Of course, if they'd gone down in the jungle, they could have gone without a trace, too, because there are, as in Vietnam, three levels of foliage.

*Q: Then the families finally had to accept that reality.*

MCFARLAND: Yes, but I kept getting calls right as I was getting sick, and -

*Q: Congressmen?*

MCFARLAND: Well, they didn't go to congressman. They just bugged me periodically.

*Q: And hepatitis is no fun. You were laid up for -*

MCFARLAND: No, when I got it, I was out of action altogether. It's a lazy man's disease. It's not all that painful. The beginning's like flu, of course. You have fever.

*Q: But bed rest, that's the only thing you can do.*

MCFARLAND: Yes, that's the only thing. They put me in the hospital and put me on intravenous feeding and kept me quiet. I couldn't move even to go to the bathroom.

*Q: Any damage to your liver?*

MCFARLAND: No, I survived without that, but I was off duty for quite some time. I think I came down with this illness in mid November, let's say, six weeks after the search, and I finally started back to work in January, but only half days. I found that I couldn't handle visa work or anything else that imposed a strain on me. I just emotionally had no stamina, emotional stamina. I just sat there. I didn't break down and cry; I just didn't handle it. It was sad, so I was given a chance to do political work - and that's what I really wanted to do anyhow.

*Q: Well, good for you, but you were able to do it?*

MCFARLAND: Yes, so I came in half days for the political section, then full days, and I even got some plaudits from the Department, which in those days reacted to reporting.

*Q: Well, that was the pattern, I guess. It was in my case. They wanted to be sure you were in all sections of the embassy in the first couple of tours. So you had consular and political.*

MCFARLAND: Yes, and then - I was trying to arrange my own rotation - they had a junior officer job that opened up in the economic section, an economically inclined junior officer

assigned to it. I said, "Look, let's work out a rotation so that he goes to consular and gets his rotation in consular work, I go to economic, and now we've got a rotation schedule for junior officers, those two positions." And that was accepted. So I spent my second and final year out of two and a half in Costa Rica in economic work.

And then during that year, I was trying to decide what hard language to sign up for. You may recall that in those days the Department had a very grown-up policy that all officers should have a "world language" and a "hard language." And I was sucker enough to believe in it, I guess. It was a good choice.

**LAWRENCE E. HARRISON**  
**Program Officer**  
**San José (1964-1965)**

**Mission Director USAID**  
**San José (1969-1971)**

*Lawrence E. Harrison was born on March 11, 1932 in Brookline, Massachusetts. He received his BA from Dartmouth College in 1953 and his MPA from Harvard University in 1960. He served as an ensign in the U.S. Navy from 1953 to 1957. He joined USAID in 1962 and served in many countries throughout his career including Costa Rica, the Dominican Republic, Costa Rica, Haiti, and Nicaragua. Mr. Harrison was interviewed by W. Haven North on December 12, 1996.*

*Q: Well, maybe we'll come back to the Alliance some more, but you had this assignment in the Program Office.*

HARRISON: Right, and that got me exposed to Central America. The job as program officer in Costa Rica opened up late in 1963. So, I attended Spanish language instruction at FSI for four months, late in '63 and early '64 and arrived in Costa Rica in March, if I remember correctly, of 1964. I had a wife and three small daughters. My wife was suffering from an acute back problem at the time. We soon got established in that lovely little country.

*Q: What was the situation in Costa Rica at that time?*

HARRISON: Costa Rica, of course, is atypical, and it was atypical then. Its democratic traditions are much more deeply rooted than almost any other Latin American country. Chile would be one exception. Uruguay might be another.

*Q: Why, briefly?*

HARRISON: It's importantly a cultural explanation. The Spaniards who came to Costa Rica in the sixteenth century were not your normal, run of the mill Conquistador get-rich-quick-and-get-back-to-Spain type. We are not certain who they were. There's a lot of speculation that many

may have been Jewish converts to Catholicism. There's a little bit of evidence, not really compelling, that that might have been the case. All we know is that the people who went to Costa Rica went there not with the idea of getting rich, because there were very few Indians to enslave and very little gold and silver, unlike Nicaragua, which was settled much earlier. They went there to farm and to stay. Out of that frontier, this is our new life, this is our new country experience came a leveling effect. That was facilitated probably by the small number of Indians who were present. Costa Rica moved towards pluralism at a very early time. In the 1830s, an American diplomat named John Stephens traveled through Central America. This was shortly after independence in 1821 for the Central American countries and, I believe, shortly after the breakup of the Central American Confederation, which was formed after independence. He noted that Costa Rica was a very peaceful, pleasant country where there was not the kind of strife that you found in the other Central American countries.

*Q: Why did we then have a program there?*

HARRISON: While its democratic institutions were, by Latin American standards, advanced, the country was still relatively poor. We also have always had a special relationship with Costa Rica because we have shared so much in the way of political ideology and institutions. A combination of those things made Costa Rica a Central American showcase on a much smaller scale than Chile, Brazil and Colombia in South America.

I was there only for a year and two months. What was particularly interesting at that time was that the large volcano, Irazu, to the east of the city of San Jose, had started erupting shortly after President Kennedy's visit in March of 1963. The eruptions were highly destructive in a number of senses. First of all, the ash that spewed from the volcano spread all over the very rich central plateau, which is where most of Costa Rica's coffee is produced. At that time, coffee was the most important crop. There were also serious mudslides from the devastation of the watershed of a river that ran through the nearby city of Cartago. These mud floods came down and a lot of people lost their lives. It was necessary to build dikes and the U.S. Seabees were brought in to do it. During that year and a quarter, most of what I did had to do, directly or indirectly, with the volcanic eruptions.

*Q: What did that entail? What were we trying to do?*

HARRISON: We had the Seabee program that I've just mentioned. We also were providing American volcanologists. I remember that one of them was from Hawaii, a Japanese American who was a world authority. At the same time, we were trying to do the normal Alliance programs, which involved the private sector and health and agriculture. We were also involved with the Bureau of Public Roads, which was building the Pan-American Highway. We were involved with the customs of Costa Rica. Interestingly, when I went back a couple of years ago, people were still providing technical assistance for a highly corrupted customs operation in Costa Rica--some 30 years later.

*Q: There wasn't any particular development strategy?*

HARRISON: Because of the depredations of the eruptions, the economy was staggered. Coffee production declined sharply, which meant that exports declined. So there was an aggravation of the traditional Costa Rican tendency to overspend. So, we had quite a substantial assistance program for them.

*Q: Were we trying to address any macroeconomic policy issues, like this overspending question?*

HARRISON: At that point, our principal focus was how to keep Costa Rica on a more or less even keel in the face of the enormous destruction caused by the volcano. The whole idea of structural adjustment and the whole idea of sector programs and so forth, that happened later. What did happen at that time, however, was the first family planning programs.

*Q: Was that well received?*

HARRISON: Quietly. Costa Rica, of course, is a Catholic country, as are all Latin American countries. There was opposition on the part of the Church and some other elements in the society. But there was enough support for it. So we got our first programs going with a private demographic association. That was early in 1965.

*Q: Doing demographic work or doing family planning activities?*

HARRISON: Mostly, at the outset, demographic work, but also doing some educational work.

*Q: I see. So the actual family planning services-*

HARRISON: At the outset, I don't believe they were included, other than education.

*Q: Was this linked at all to the health program at that time?*

HARRISON: No. It was a separate thing that people were very, very anxious about because it was so politically sensitive.

*Q: Were there any other programs that stood out in your mind?*

HARRISON: No. I did get to know a lot of Costa Ricans. I made some friendships that have endured over the years. That was relevant because, after my next assignment, I went back to Costa Rica as the director.

*Q: We'll come back to that. So you were there only just a year and a half and then you*

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*Q: You had problems with the University in this program?*

HARRISON: We had some problems. They were very standoffish in their relationships with the AID mission. They wanted to have nothing to do with us. I think they felt that we were somehow



stigmatized by the intervention. They saw themselves not as USAID contractors but as representatives of Texas A&M University. So, it was over that kind of issue that we had some difficulties.

I went back and visited my in-laws in California, still not knowing where we were going. I got a mysterious phone call (this was at Christmas time), saying, "Come to Washington. We can't tell you anything else about it. Just come." So, I got there and I was told that I was going to be going back to Costa Rica as the director. But the mystery was that I was the last AID director that Lyndon Johnson appointed and so I was going to meet with President Johnson at the White House. I did. What I most remember is how hard of hearing he was. I ended up screaming at him. I told him the story of Katzenbach and Balaguer. I'm not sure he heard it. But, you know, we had a pleasant conversation that lasted perhaps 15 or 20 minutes.

*Q: Did he make any special points?*

HARRISON: No, he just said something like, "I'm very pleased that we're sending you after the Dominican experience to Costa Rica. You are my last mission director and I wanted to wish you personally the best of luck."

*Q: Why were you the last mission director?*

HARRISON: Because he was going out of office. It was 1968. He didn't run again and coming in was Richard Nixon.

*Q: It's interesting that he would have thought that was important.*

HARRISON: I agree with you.

*Q: But you didn't get any sense of why, what was-*

HARRISON: I think it may have had to do with his satisfaction over the outcome of the Dominican episode.

*Q: I see. So, he was recognizing that you had been an important part of that, I guess?*

HARRISON: Yes, probably something like that.

*Q: Well, that's interesting. Any other observations on that meeting with him at all? Other people in the room at the same time?*

HARRISON: No, it was just the two of us, as I recall.

*Q: I see.*

HARRISON: There was a photographer and a picture was taken (he subsequently signed it for me), and that was it.

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*Q: So, then you went off to Costa Rica at that point.*

HARRISON: Yes, I did, and I must say, I arrived in circumstances that were very easy for me. My predecessor was Bob Black. Bob had run into some kind of serious trouble with the Costa Rican government, to the point where, I think, the legislature declared him non grata. I don't know enough of the circumstances to be able to comment, but whatever it was, it was a very easy act to follow, particularly since I knew so many people from the prior tour, my first tour there in '64-'65. It turned out to be a fascinating two years.

*Q: What was the situation then? Pretty much the same?*

HARRISON: The volcanic eruptions had stopped. The economy was in better shape. I arrived in January of '69 and there was an election in April, I believe, of '70. Maybe the inauguration was in April. The election was perhaps earlier in '70. It was an important election. It was a referendum on the traditions of governance that flowed from the 1948 revolution in Costa Rica, the hero of which was Jose Figueres, Don Pepe, as he was known. He became president in '53 and he was running again in 1970. He represented the National Liberation Party, with its tradition of strong state involvement and its highly paternalistic view of how to solve poverty problems, but substantially committed to democratic processes. The conservatives were represented by a popular politician, Mario Echandi. So we had a very interesting political context in which we were operating.

I mentioned before that I had been very much concerned by the scattershot involvement that we had had in agriculture in the Dominican Republic. Whenever I got to a mission, I spent at least a month just talking to people in the mission and to people in the government and private sector to try to develop a sense of where the USAID fit and what kind of strategy we should be pursuing. So, we had long, long talks and came to the conclusion that the agriculture sector was the most important and that it was particularly the small farm subsector that had been neglected. So, we decided that we would put all of our emphasis on an integrated agriculture program. That's basically what I did for the two years that I was there. I chaired a working group that consisted of a number of prominent Costa Rican technicians as well as U.S. technicians.

There's an interesting institutional aspect to this. When I had been in Costa Rica the first time, I had become friendly with a Costa Rican economist whose name was Eduardo Lizano. (Some years later he would become a distinguished president of Costa Rica's Central Bank.) He was very much interested in doing research on economic development issues. He had said to me, "You know, one of the things that would be great is if AID could help us to set up some kind of research foundation." When I got back and we decided that we were going to do the agriculture sector program, I got in touch with Eduardo and said, "How about putting together a group and we'll set you up on a contract basis to work with us on the agriculture sector program?" I did this with the approval of the then Planning Minister of the conservative government of President Torrijos, a U.S.-trained Ph.D. in econometrics from the University of California by the name of Miguel Angel Rodriguez, a brilliant guy and somebody who was extremely supportive of what

we were doing in agriculture. (Miguel Angel was a presidential candidate for the right of center party in the last elections and is likely to be their presidential candidate in the forthcoming one.) Alberto di Mare, a former Minister of Planning and also the brother-in-law of Eduardo Lizano, became a member of the group. So did a highly respected right-of-center economist by the name of Claudio Gonzalez, who has been teaching economics and agricultural economics at Ohio State for many years now. So did a left of center agricultural economist by the name of Carlos Saenz. So did the dean of the faculty of agronomy at the University of Costa Rica, Alvaro Cordero. They became our five interlocutors through this process of putting together the agricultural sector program. They formed the Academia de Centroamerica, which is today a prestigious think tank.

We undertook a large number of studies. We came up with what I think was, in the strict sense of development planning, programming, development assistance, the most important thing that I ever was involved in. It was very substantial: \$20 million, which in those days, for a small country, was a lot of money. We got it through just at the time that Figueres won the election. We had briefed both the presidential candidates. Figueres, who was a farmer himself, took great interest in that. We got full support from him in implementing it. In the process, I got to know the Minister of Agriculture and the Minister of Planning, who was Oscar Arias, who subsequently became president of Costa Rica and won the Nobel Prize for his work on behalf on peace in Nicaragua. It was a memorable moment.

*Q: What is an integrated agricultural development program?*

HARRISON: We looked at what the problems were for the small farmer, viewed through his eyes. Some of them had to do with technical assistance and technology. Some of them had to do with his own education. Some of them had to do with marketing. Some of them had to do with transportation. A lot of them had to do with credit.

*Q: Were there land ownership issues?*

HARRISON: There were also land tenure/land titling issues, absolutely. Other questions were the role of the private sector, agribusiness, small farmer cooperatives, and so on. In each of these areas, we did a study. CLUSA, now NCBA, where I subsequently worked for four years after I retired, did the cooperative study. Scaff Brown, who I think is now with Chemonics, was our agricultural wise man or general advisor. So, all of these things were studied and prescriptions were developed in the context of this joint Costa Rican-U.S. working group. An agricultural junior college was built as part of it. It was all supposed to make sure that the small farmer would rise and prosper. It was subsequently evaluated by Ed Hutchinson, along with agriculture sector programs that had been done in Colombia and Guatemala, and it got very high marks. But I have to tell you that it was not very successful.

*Q: Not very successful?*

HARRISON: I don't think so.

*Q: Why was that?*

HARRISON: It asked too much of Costa Rica. While the Minister was totally committed to it and his Vice Ministers were, the Ministry staff itself was either not that committed to it or saw it as a threat to some of their prerogatives and their traditional interests. It involved a degree of coordination of a variety of central government and autonomous institutions, none of which were accustomed to that and all of which valued their independence, were even jealous of their independence. It required a sense for timing and execution that is not commonly found in Costa Rica. And while it had favorable consequences, if somebody were to go back and do a post facto cost-benefit analysis, I'm sure it would fall short of the cost-benefit calculation we projected.

*Q: Did it increase production at all as far as you could tell?*

HARRISON: Yes, but again, we thought we were addressing the only thing that was lacking in Costa Rica's development prospects (in fact, while I was there, I recommended a phasedown of the mission, following execution of the agricultural sector program). I don't think anybody in Costa Rica today, except the people who were involved in it at the time, is aware of it.

*Q: There might be elements of it that are continuing.*

HARRISON: Several are: the school continues and some of the reforms that were made were helpful. The credit improvements were helpful. The land titling probably was particularly helpful. As I say, it probably was beneficial, but it certainly did not produce all of the dramatic transformations that we had hoped for. It was another element in my education.

*Q: You say the main constraint or factor was the institutional features?*

HARRISON: But lying behind the institutional features were the people in the institutions and what was in their minds. Notwithstanding the fact that it was codesigned with a group of prominent Costa Rican technicians, it placed demands on that society that could have been met by a modern society of the West or of East Asia, but that asked too much of a Latin American society, even one as unusual as Costa Rica.

*Q: Were there other programs that you were initiating during that time?*

HARRISON: Yes. We started a savings and loan system with a small loan, a system that has since prospered. We funded a highway maintenance program that did not prosper, as anyone who travels Costa Rica's roads today will tell you. The family planning program was expanding. Our program officer was Ron Nicholson, and since I did not have a deputy, Ron ran the day-to-day operations of the mission. I focused almost exclusively on the agricultural sector program.

I arranged with the Ambassador (when I arrived he was a career officer, Clare Boonstra) to merge our economic sections. We had an economist in AID. He ended up working for the chief of the economic section in the embassy, who in turn was working for me.

We had a change of ambassadors along the way, which is very relevant to what subsequently happened and why I left. He was a Republican fund-raiser by the name of Walter Ploeser, who

had been the ambassador in Paraguay, if I remember correctly, and was in the insurance business. He arrived in 1970, shortly before the installation of Figueres. He was very concerned about security, about Cold War issues. He spoke no Spanish. He was a terrible choice for ambassador. He antagonized most Costa Ricans.

I have to say, I did not manage my relationships with him as well as I might have. For one thing, I made it clear to him early on that I was a Democrat, and that was gratuitous. I tried to respect what he was interested in. What he was, above all, interested in was public safety. We had a public safety program at the time. He finally decided that he wanted one of the public safety officers to replace the departing chief of public safety and I thought another candidate would be better. The candidate I liked was Puerto Rican and had military experience, an excellent guy. I just wanted my voice to be heard, but when I said, "I think the other guy would be better," he took great umbrage. When he next went up to Washington, he told them that he did not want me around anymore.

That was in the summer of 1970. Figueres was in office. The agricultural sector program was being approved in Washington and getting going. I had very good relationships with the government, including with the president. Then came a moment of high intrigue. The Soviets had wanted to set up an embassy in Costa Rica. They made overtures to Don Pepe Figueres, and he agreed to it not long after he was inaugurated. I think that he agreed to it, in part, because the Soviets promised to do him some personal favors. I was totally unaware of this at the time. The Embassy, however, became aware of it. The Ambassador, with his preoccupation with Cold War matters, became totally focused on what was going on with the Soviet Embassy.

As we approached Christmas, the CIA station chief, who had a lot of contacts on the right in Costa Rica and whose wife was a Cuban exile, attended a party at which he was reported to have said (I do not know if he really said it) that the Figueres government would not be around for too much longer. There were also some reports of guns being run in various parts of the country. The Embassy went on a wartime footing. We were given very mysterious instructions not to have contacts with the government without approval by either the Ambassador or the DCM. This, coupled with the various rumors about guns being run and boats appearing on the coast and so forth, led to a very volatile, tense environment within the embassy, in which a number of people were very, very anxious that something was afoot that should not be afoot.

One night, I was approached at my home by a Costa Rican friend, Jaime Gutierrez, who was Don Pepe Figueres's physician. Don Pepe had raised him after Jaime's father had been killed in the 1948 revolution. He came to me, saying, "In this Republican administration, we don't know where to turn. We think that the U.S. Government is trying to overthrow the Figueres government and you're the only one that we know and trust." I said to him, "I think it's absolutely impossible and you must be misinformed, but let me do a little bit of checking, just in case." At that time, the director of Central American Affairs in Washington for both State and AID was Dick Breen, whom, I'm sure you'll remember. At that time, the Principal Assistant Deputy Secretary of State in for Latin America was my former boss, John Crimmins, who had been the ambassador to the Dominican Republic.

So, I called Dick and said, "Things are very strange down here. We're on a wartime footing in the embassy. What's up? What's going on?" Dick said, "Oh, there's nothing. I don't know anything about it. Nothing's going on. Everything's fine, as far as I know." I called him three or four more times during that fatal week and he kept denying that anything was happening. Meanwhile, there were rumbles now in the newspapers: mysterious ships were sighted and landing parties were rumored to have been seen.

Jaime Gutierrez called and visited me several times with the message of their increasing concern as "evidence mounted. "Don Pepe is afraid that he's going to be overthrown." On the fateful day, an emissary showed up from Washington, Allen Stewart, a retired ambassador with liberal credentials. Most people in the Embassy had no idea why he was there. I had a car that had a radio on the Embassy net in it, and it sounded as though Ambassador Stewart was going out to Don Pepe's farm to talk to him. When I got home, I got an alarmed call from Jaime Gutierrez saying something like, "We really think that it's about to happen." I called Dick Breen at his home. (I had taken the precaution of going to somebody else's house to make the phone calls.) Dick said, "I don't know anything about it. As far as I know, everything's fine." He knew very well what was going on but stonewalled me for reasons that to this day I will never understand (he was a personal friend and still is, I might add). I then called John Crimmins. John, with whom I had had a close relationship in the Dominican Republic, which had some of the features of a father and son relationship, said to me in high dudgeon (when it came to dudgeon, he was a Guinness world record holder), "You're being terribly indiscreet" and in a tone of voice that I knew very well and found very provocative.

All he had to do was say those words in that tone of voice, and I knew there was no problem for Figueres. John was fully informed on what was going on and would never have countenanced anything like what Figueres feared. So, in a rage myself, I hung up the phone. I called Jaime Gutierrez and said something like, "You don't have anything to worry about. Forget about it. They're informed in Washington. Whatever is going on, it's nothing like what you're concerned about. Forget about it." Crimmins, then concerned that I had misinterpreted what he had said, called the Ambassador to say that I may be operating under a gross misapprehension about what was going on.

The following morning (this was early in January of 1971), I was scheduled to go back to Washington for consultation in connection with my next assignment, although I was not supposed to leave Costa Rica until March, a terrible date, I might add, with three kids in school, but that's what I had negotiated with the Ambassador. So, I left, and the Ambassador would not let me come back. It got into the newspapers and was really a most unpleasant moment for the United States and for me personally, and for the Ambassador, too. As I mentioned, I knew the people in the government very well, starting with Don Pepe. A series of ads signed by ministers of the government appeared in the Costa Rican newspapers containing nice words about me. At an Interamerican meeting at the National Theater that was presided over by the president and his wife, my wife was asked to stand with them in the receiving line, through which the U.S. Ambassador walked, in a very awkward moment. But I never did go back until after he left.

*Q: Did this event take place?*

HARRISON: Ambassador Stewart had gone out simply to caution Figueres. No, there was nothing. We were aware that Figueres had probably taken money from the Soviets when the Soviet Embassy was established. Our relationship with Costa Rica was very difficult while Ploeser remained there. He was unpopular with many Costa Ricans. But he left after about a year and Pete Vaky became the ambassador. I visited Costa Rica soon thereafter.

*Q: But there was no move to change governments?*

HARRISON: No, never. I knew there was no problem the moment I heard Crimmins. All that Breen had to say to me on the first phone call was, "We are fully informed on what's going on. Don't worry." I would have simply gotten that message to Figueres and it would have been over. But it didn't work that way. Sad.

Anyhow, I went back to Washington. At that time, Herman Kleine was the assistant administrator for Latin America and I became his special assistant.

*Q: Before we take that up, is there anything else on the Costa Rica program? You mentioned earlier that you started some work in family planning.*

HARRISON: By that time, it was flourishing.

*Q: It was going along reasonably well?*

HARRISON: Yes. It was not just a question of a private association; the government was also involved. It was no longer so controversial an issue. The Church, as was the case in most Latin American countries, chose not to make an issue of it. Indeed there were some priests who were supportive of it.

*Q: Were there any other programs?*

HARRISON: Yes. I've already mentioned the savings and loan project and highway maintenance. We were also involved in export promotion. The agricultural sector program took most of my time and energy. That included going back to Washington to defend it. We had problems with the Budget Bureau, who wanted to cut it into pieces. We finally got it through intact.

*Q: Do I gather that the program was being phased down at that point or not?*

HARRISON: No. Actually, it got phased up after the Nicaraguan revolution, substantially. Costa Rica in the 1970s continued its experience of bad economic policies, usually leading to significant devaluations, inflation and so forth. When the Nicaraguan revolution erupted, the neighboring Central American countries became a focus of high priority attention by AID, by the U.S. Government. Costa Rica, of course, is the southern neighbor of Nicaragua.

*Q: We'll come back to those. But then you moved to Washington to work with Herman Kleine?*

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*Q: Let's go back a little bit. Where did the idea of economic integration and the origins of ROCAP come from?*

HARRISON: When Central America achieved independence (I believe it was in 1821), it had a couple of options. One was to annex itself to Mexico, which of course the Mexicans were interested in doing. Another was to set up a federation of the five Central American countries. Those are, of course, Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica. Panama is not part of Central America in that sense. They chose the confederation, which lasted for about 13 years, if I remember, before it fell apart. So, for a number of Central Americans, particularly Central American historians, the idea of Central America had some important historic roots. You often see addresses in Central America, mailing addresses, in which the country is followed by "C.A." That predates, I believe, the integration movement, which was officially inaugurated, I believe, in 1960. For example, one well known Nicaraguan writer, Salvador Mendieta, whom I consider particularly important because of the importance he attached to cultural values and attitudes, was promoting reunification of Central America early in this century, notwithstanding the fact that you have some striking differences among the five countries. Guatemala is roughly half Indian, with a history of authoritarianism and exploitation that goes back, to be sure, way, way beyond 1954, the year of the U.S. intervention to overthrow the left-leaning Guatemalan government. Since 1821, Guatemala has been a country in which you've had a few rich, powerful people in cahoots with the military and some very extended military dictatorships. That's the one extreme in Central America.

The other extreme, geographically as well, in the South, is Costa Rica, which as early as 1821 was showing signs of moving towards a pluralistic society, certainly peaceful by Central American standards. Central American history is dominated by civil wars and interventions of one country in another. Costa Rica was substantially able to avoid that. Of course, it has evolved democratic institutions and a standard of living that is much higher than the other countries. So, you have those extremes, but you still have this idea of Central Americanism.

**CLARENCE S. BOONSTRA**  
**Ambassador**  
**Costa Rica (1967-1969)**

*Mr. Boonstra was born in 1914 and raised in Michigan. He earned degrees from Michigan State College and Louisiana State University and later pursued studies at the Universities of Michigan, Wisconsin and Chicago. An agriculture specialist, Mr. Boonstra served in Havana, Manila, Lima, Buenos Aires and Rio de Janeiro, variously as Agriculture Officer and Agricultural Attaché. He served as Deputy Chief of Mission in Rio de Janeiro and Mexico City, and from 1967 to 1969 Mr. Boonstra was the United States Ambassador to Costa Rica. Mr. Boonstra was first interviewed in 1989 by Donald Barnes and again in 2006 by Allan Mustard, W. Garth Thorburn and James E. Ross.*



*Q: I have a medal from the ceremony in Mexico and it said, I think very nice worded, "revolutionary justice among sister peoples".*

BOONSTRA: Correct, I have that medal also.

*Q: Then you left Mexico and you went where?*

BOONSTRA: Then I went as Ambassador to Costa Rica.

*Q: And what year was that?*

BOONSTRA: That was in the first of 1967. I had remarried in 1966 and Margaret had been the Special Assistant to Linc Gordon when he was Assistant Secretary of State, so she was well aware of all that was going on. We were married in 1966. Then in early 1967, when Linc Gordon was Assistant Secretary of State, I was sent to Costa Rica as Ambassador.

*Q: Who was President of Costa Rica at that time?*

BOONSTRA: Joaquin Trejos Fernandez, from the conservative party, one of the best presidents Costa Rica has had. They've had many good presidents, as you know. Trejos was not really conservative in any extreme sense, not a wealthy man, a well-educated man desiring to govern well.

*Q: A scholarly man.*

BOONSTRA: He had been in the book publishing business, and he was not a slap on the back politician. I partly went there because our main problems were economic. Costa Rica had fallen previously into one of its periodic overprintings of currency and fiscal mismanagement under the previous president Francisco "Chico" Orlich. Trejos took over at a time when the value of its currency was falling and they were much concerned. The fall had been about 30%, which in today's world isn't so alarming. But in those days it was alarming. We worked very well together and had very easy communication. I had a great respect for President Trejos.

*Q: And you were Ambassador there when he made his official visit to the United States?*

BOONSTRA: Yes, which turned out, of course, to be a very difficult time because during the night after the State dinner Robert Kennedy was assassinated. We discussed it the next morning and we all agreed we should terminate the visit immediately.

*Q: He had one more appointment with Robert McNamara, then President of the World Bank, who insisted, trying to overcome his tears and his emotions, on going through with the meeting. It was a very, very difficult meeting for that reason. I was there. It was very painful because he was a close friend of Senator Kennedy's and he just couldn't control his emotions. And Trejos offered to cut it short, and he said no, this is a duty.*

BOONSTRA: I think Trejos was one of the more successful presidents and I have never been at an embassy where we worked as closely with the Presidencia of a country. Of course it's a small country and everything has to go to the presidency there. I had working at the embassy an excellent economist. I think one of the finest, if not the finest, I have seen in the Foreign Service, John Bushnell. Although John was a Class V officer, when I found his quality, I placed him in charge of our economic efforts. We didn't actually put much money in it because I had learned before that money does not solve mismanagement problems. The willingness of Costa Rica to tackle its problems and to carry out a program, execute a program, is what solved the problems. We were able to assist the necessary economic reforms and the stabilization of the economy in Costa Rica, mainly by standbys, Treasury standbys and standbys from the World Bank, the International Monetary Fund, of which very little was ever drawn. But, it had to be there in order to get bank credits. We were able to cooperate in a stabilization program which I think was one of the most successful ones.

*Q: Did not solve it, no. But the judicious use of the standbys is, unfortunately, not that prevalent because it really should be there as a guarantee for loans and not to be used up.*

BOONSTRA: We made that perfectly clear. Of course, it does cost the country a bit in the standby fee. But the Trejos regime, I think, was very, very successful. It was followed later by a Liberacion President. There was not really that much difference. Both parties tend toward middle class values in their approaches.

*Q: Were there any other issues of importance which came up during your tenure as Ambassador in San Jose?*

BOONSTRA: There are a couple of other things of which I'm proud. One of the interesting sidelights is building a road from San Jose to Limon. You are probably aware of that. When I came to Costa Rica one of the really big drawbacks to the development of the country was that there was no road to that port city of Limon, only a decrepit old railroad which was really on its last days. Trejos was very desirous that a road be built. But in checking around the community, and the power infrastructure there, I found that many people did not want a road to Limon. Limon is essentially a black community and a poor community and quite populous with a very rapid population growth rate. In the San Jose region, the high plateau, the main part of Costa Rica, is basically white and relatively prosperous and they had always insulated themselves from the Caribbean influence. Once a road was there, there would be no barrier any longer. The train could only carry a limited number of passengers and could control the movement of people. They also stated concern over possible infiltration of communists from Cuba and without a road they'd have a better control--airports and trains provide better control. Trejos and those who were interested in economic development wanted the road--felt it had to be built. Oddly, the World Bank, Interamerican Development Bank and AID all had refused them assistance for this road. The reasons for their refusal I never could quite determine.

*Q: Strange.*

BOONSTRA: Before I arrived there, AID had sent in a great deal of heavy machinery to build a dike around Cartago because of the eruption of Irazu, which had sent a river of mud down that

was going to engulf Cartago. We sent in the SeaBees [US Navy Construction Battalions] using this equipment, earth movers, this sort of thing. Afterwards, the equipment was stored in Cartago as AID surplus. In conversation one time with President Trejos-- Trejos actually brought it up-- he said, you know I think there's a way we can get that road built and force financing of the road which is necessary to economic development. If we built a dirt road linking together some of the old banana transport routes, the financing agencies and other groups would see the need for a good paved road. We have the AID machinery with which we could do it and we think in six months we could build this dirt road from Turrialba down to Limon, just the part that is now missing. But he said we need permission to use this AID machinery because the contract with AID says we cannot use it. It has been offered on the world surplus market and we have to pay the cost of storing it meanwhile, but we can't use it. He said, this is absurd and I said, yes, I think it's absurd too. So he said, well, we ought to do something about it. I talked to our AID Director who confirmed that this machinery cannot be used. It had already been separated from the AID mission and transferred to the surplus disposal people. So I said, we'll take it up with Washington. Sound them out. And Washington came back and said, it can't be used, there is no way AID can free it. It can't be done. I went to Washington on some other business and I checked this out with AID and they said, no it can't be used. The contract also provided, in order to avoid any charge of corruption, it could not be sold in Costa Rica. It had to be sold elsewhere on bids. They didn't have any bids. But on the way back it occurred to me that they just said no, the bureaucratic tangle doesn't permit it. When I returned and was talking this over with President Trejos, I said, you know you people have custody of this machinery. You may have problems in your warehouse and maybe you ought to move some of the machinery out to see if it's running. And he said, would people send reports that we're doing something that we're not supposed to do? I said, we're not taking care of that machinery, you are. It's in the warehouse there. He said, let me check this out. So, he calls me up and says that it's in running condition but it would be good to take it out and see how it runs and what not. We think we can do this dirt road in six months. I said, I don't think we'd all get disturbed by that. They went ahead and used this machinery and built the dirt road to Limon and put the machinery back and nothing ever happened. I never received a reprimand, nor did AID, nor did the Costa Ricans. The next year the machinery was sold abroad. That next year the Interamerican Bank and the World Bank decided that after all they could finance a road to Limon because they had the dirt road there in place. So, I'm very proud of that little around the edges operation.

*Q: I think that's a very heartwarming story and it had a happy ending and I think you're to be commended for having taken some risks and having this done.*

BOONSTRA: Another major accomplishment during the time I was there was assistance to a Financiera (private financing agency) called COFISA which at that time was a principal driving force behind economic development both agriculturally and industrially in Costa Rica. It's one of several financing organizations started by AID originally which was successful and, subsequently, it has been a model for many other countries. At that particular time, because of exchange difficulties and monetary problems, it was on the edge of being lost. The president of it at that time was a fellow by the name of Jack Harris. Jack was somewhat questionable politically in the United States because he had been with the United Nations during the [Senator Joseph] McCarthy regime--he was an anthropologist. And he, for matter of principle--not because he had Marxist views--refused to answer questions about whether he was a communist or not. He exiled

himself to Costa Rica after discharge out there from the United Nations, began to drive a taxi and established a taxi company, and subsequently became the big industrialist of Costa Rica. He was the president of Financiera COFISA. My predecessor and all predecessors had been restrained in their relations with him because of the McCarthy days. I threw all that to the winds and he became a good friend. I was able to push through additional financial support for COFISA and helped to reestablish that organization which today is still a principal driving force in economic development in Costa Rica. I'm very pleased with that.

*Q: Well good.*

BOONSTRA: Now the thing that wasn't so good which caused me a great deal of trouble relates to the Nelson Rockefeller mission later and also relates to the fact that I didn't last too much longer as Ambassador. You are acquainted with the American Institute for Free Labor Development (AIFLD). AIFLD had to operate under wraps in a lot of countries, but in Costa Rica they had a pretty free hand. They were running a sort of vendetta against United Fruit there, on the Pacific coast where the banana plantations were declining and were being substituted by palm oil. The future of the banana industry was on the east coast out of Limon where it is now established. In fact, it has just about disappeared on the Pacific coast. Although the United Fruit workers were among the best paid and best housed in Costa Rica, the organizing drive was causing continuous strikes and troubles and there was constant pressure and difficulty. To me the pursuing of United Fruit by AIFLD was not our business in Costa Rica. It was more a political deal by Washington to hold its union political support. Well, at that time Standard Fruit [Company] and a couple of other American interests were putting plantations on the east coast which had been discarded by United Fruit. Also, a lot of independent Costa Ricans were doing this in small plots. Standard Fruit and a couple of other large growers were anxious to have AIFLD because they had Cuban organizations in there had a communist influence. I was able to get [AIFLD Director] Bill Doherty to de-emphasize the work at United Fruit and put AIFLD where it should be, combating Marxist communist influence and so forth, on the east coast. And they did move people in there in my last year and worked, I think, in a reasonably productive manner. This, however, made the small banana growers and some of the Costa Ricans very unhappy because they certainly didn't want unions at all of any kind. I knew of this counter-current and didn't realize how I would be affected by it. It wasn't causing any particular current problems. But after President Nixon was elected the conservative element emerged more strongly on these issues. They claimed that AIFLD was sponsoring communist unions which, of course, was just the reverse. To them all unions were communist. And there was a little bad press on that. When the Nixon Administration came in they didn't dare dump the AIFLD program which still continues today, Republican or what. That's a political trade-off with the unions. I began to hear notices that a woman called Ruth Farkas had purchased my job in the auction in Washington. She later said she paid \$300,000 for it, and was Costa Rica really worth that? She never came on the job, by the way, because it became public notice in Washington that she had paid for it and there was a ruckus about it. So after a year of keeping it quiet they sent her to Luxembourg. Anyway, I had heard rumors that I was about to be changed, which was to be expected. Then came the Nelson Rockefeller mission. One of the requirements of the mission was that they have a meeting with private businessmen in Costa Rica. It was the last thing on the schedule on the one day he spent there. This meeting arranged by the advance people was heavily stacked with the big Costa Rican land owners. The Ambassador wasn't asked to attend,

that didn't bother me although it did bother President Trejos. The big land owners, particularly those with interests on the east coast, presented a letter to Nelson Rockefeller advising him of the dangerous leftist tendencies of the Ambassador and their concern over this. They claimed that I had taken AIFLD off the Pacific coast (where it was harassing US interests) and put it to work on the east coast where it was hurting Costa Ricans. This letter was handed to Nelson Rockefeller who handed it to a gentleman named James Cannon. And from what I heard, subsequently, at the termination of the trip there was a review of the Ambassadors. James Cannon handled the review and used the letter as a citation that I was a man not acceptable to the Nixon Administration. I was promptly released from my position. Oddly, I was promoted to Career Minister at precisely the same time, but this didn't seem to help.

*Q: That's terrible, terrible.*

BOONSTRA: They ended up with a new Ambassador I had known previously, Ploeser, I forget his first name, Ploeser from Missouri.

*Q: Shoe manufacturer.*

BOONSTRA: When I was the Director of East Coast Affairs he had been Ambassador to Paraguay where he got along well with the dictator. Paraguay was very quiet and of little importance to us. Ploeser liked diplomacy and he was able to obtain politically the position of Ambassador in Costa Rica. There a disaster took place, caused in part by another man, a CIA station chief named Earl Richardson. Earl had worked with me in Cuba years before. When he was proposed as station chief I had objected unless Richardson would work under my orders and would not do what he was noted for, disrupting things with unnecessary covert action, monkey business. He would have to work as a member of the embassy team. On that basis I accepted him. Well, when Ploeser came there President Jose Don Pepe Figueres had become president. For some time Costa Rica had been planning to permit the Soviet Union to establish an embassy. They wanted to restore normal relationship. That was what Costa Rica stood for, a democracy and openness to everybody. Trejos had explained it to me and I couldn't find a problem with it but it was the US and CIA policy to block it in every way possible.

*Q: It's a very paternalistic and defensive policy--we can have relations with the Soviets but you can't.*

BOONSTRA: That's right and so I had to do everything I could to block it, which I did successfully in part because Trejos is a nice fellow. Don Pepe told me, however, that when he got to be President--this was before I left there--they definitely were going to establish relations with the Soviet Union. Well my successor, Ploeser, and Earl Richardson saw in all of this a great communist scheme establishing Costa Rica as a central point for subversion in the hemisphere. And they began all types of actions carrying on a crusade which only, of course, would make sure that Figueres would do it and he did it. Upon which there was a great communist scare there and Don Pepe finally ended up by saying that we don't want any communists but we don't want the United States controlling us either. They didn't want all this paternalism. And he said, portions of the American fleet are standing offshore threatening us with military invasion. This went on and finally the Costa Rican government made it pretty clear that Ploeser and Richardson

were persona non grata and both informally were removed. Shortly after they were removed in 1972, which was about three years after I left there, I and my family returned for a visit to Costa Rica and we were received not only by our old friend Trejos but also by Don Pepe Figueres who was then President. I said, Don Pepe, I understand your feelings, I've always known your feelings about pressure that you resent from the United States, even your conservative predecessor resented it. But why did you say absurd silly things like we have portions of our fleet standing off Costa Rica to try and force things on you? That's absurd. He said, why of course that's absurd. But when you do absurd things, your ambassador says absurd things like this, I'm going to say absurd things about him.

*Q: That's Figueres, yes.*

BOONSTRA: But, he said, it did the job didn't it? It pulled it out in the open and we got rid of Ambassador Ploeser and of Mr. Richardson. Mr. Richardson settled down there, he still lives there.

*Q: That's something. Well, were there any other assignments in the Foreign Service when you left Costa Rica?*

BOONSTRA: Yes, I then went off as Diplomat-in-Residence at the University of Colorado where I spent a rather pleasant year--not very productive.

*Q: Okay, Mr. Ambassador, we've got a couple of points here that we did not include in the main portion and would like to have them added and I think one had to do with the military in Costa Rica.*

BOONSTRA: As you recall, I mentioned I had been Political Adviser with the Southern Command--at that time the Caribbean Command--and it seemed to me an anomaly while I was there that we had a rather large military mission in Costa Rica, which conflicted with the increasing recognition by the world and by the local political structure and by the people that one of Costa Rica's real achievements was the disbandment of a professionally officered army and establishment instead of a type of paramilitary capacity in the police forces. Also it appeared to me that we could service the paramilitary necessities both in training, and assistance in procuring necessary light equipment, just as well by temporary and short-term training and by sending short-term advisers, when requested by the Costa Rican Government. So I began a movement to remove the military mission in Costa Rica which fortunately, because of my previous attachment to the military command in the Panama Canal Zone, was somewhat better received than had been the case in previous moves of this sort. There is a bureaucratic tendency to maintain indefinitely a military mission once established. We did terminate it.

**JOHN A. BUSHNELL**  
**Economic Officer**  
**San José (1967-1969)**

*Mr. Bushnell was born in New York State and educated at Yale University and McMurray College. An Economic Specialist, he served primarily in senior level positions at Latin American posts, including Bogota, Santo Domingo, San Jose and Buenos Aires, dealing primarily with Economic and International Trade issues. An assignment to the Staff of the National Security Council was followed by tours as Deputy Chief of Mission at Buenos Aires, Chargé d'Affaires at Panama City, and subsequently as Assistant Secretary of State for Inter-American Affairs. Mr. Bushnell was the recipient of several awards for outstanding service. Mr. Bushnell was interviewed by John Harter in 1997*

*Q: What do you recall about your transfer from Santo Domingo, in the Dominican Republic, to Costa Rica?*

BUSHNELL: Since I had gone on a direct transfer from Bogota, Colombia, to Santo Domingo in July 1965, I was planning to take home leave in the summer of 1965. Then came the events of April, 1965, and my family was evacuated to the United States. There didn't seem to be any prospect of my taking home leave for quite a while. When things became reasonably stable in the Dominican Republic about July, 1965, someone from Washington, and I can't remember who it was, called and asked whether I would like to go to Costa Rica, because there was a good opportunity there. As I mentioned before, the Latin American bureaus of the State Department and AID [Agency for International Development] were supposedly integrated and working together. There was a Washington perception that there was an Embassy versus AID problem in Costa Rica. The head of the Economic Section, Mel Blake, was sending cables which said that Costa Rica's government was not making sufficient development efforts to justify an AID program there. In particular fiscal and monetary policies were weak. The AID program officer, Larry Harrison, who was perceived to be a strong, go-getter guy, was sending cables saying that Costa Rica was doing well on development and that AID should support the country's efforts by increasing the AID program. Washington were confused and found it difficult to set policy. I was not familiar with the situation and am just repeating what I was told when I visited Washington..

Someone in Washington had the bright idea of solving this San Jose problem by transferring both the head of the Economic Section and the AID program officer to other posts. Mel Blake's tour was nearly over, and AID wanted to move Larry Harrison to Santo Domingo to help expand the AID program rapidly. The Embassy job was not at the level of Economic Counselor so it was junior to the job of AID program officer. It was in this context that the Department proposed I be appointed as head of the Economic Section in San Jose, as well as the AID Program Officer; then I could hardly fight with myself.

*Q: You were young to be head of the Economic Section in an Embassy.*

BUSHNELL: Correct, I had only been in the Foreign Service six years, and I really didn't expect to be assigned as head of an Economic Section anywhere. Thus I thought this offer of a dual assignment in San Jose was a good opportunity. I agreed with the Department that I had had a high visibility role in the Dominican Republic and it was better if I were not around to face what emotions might flare up in the future there. I wanted to go on home leave, which I did. Larry Harrison was transferred to the Dominican Republic; he arrived about a week before I departed.

The AID Mission in Santo Domingo was being completely revamped and strengthened because we were establishing a very large aid program there.

A couple of weeks later Tony Solomon called me; he was moving to the Economics Bureau as Assistant Secretary, and he wanted to interest me in heading the Monetary Affairs Office. I was pleased to be asked to take one of the most technically demanding economic jobs, but I preferred to stay overseas as I had already served as much time in Washington as overseas at that point in my career. The orders arrived, and a little over a month after hearing of the opening in San Jose I went to Washington and home leave. While on Washington consultations on the way to Costa Rica, I learned more about the various issues between the Embassy and AID.

*Q: Before we go further in that connection, I would appreciate your comments about Central America in general. That was an area which you were very much concerned with, later on. I would like to have your impressions. To start with, what picture did you have of Central America before you went there? To what degree was that picture subsequently verified?*

BUSHNELL: I had little impression of Central America. I had worked in INR [Bureau of Intelligence Research] covering to some extent all Latin America, but Central America had not been a focus, nor had much been going on in Central America during my years in INR. I knew that Mexico and Panama were important countries. I thought Central America was not really important. One knew the elementary things, that Costa Rica was a beacon of light as a democratic country that had no military and spent a lot on education. The other countries in Central America were basically controlled by the military and land-owning oligarchy. I had heard a good bit about the principal figures such as Somosa in Nicaragua and Figueres in Costa Rica.

*Q: As you look at a map of the world, you can see Central America in particular as a narrow isthmus between the Atlantic and Pacific Oceans. One would think that the region is very much favored by geography. Why is it that Central America hasn't been more prosperous and benefited more from its geographic advantages?*

BUSHNELL: I don't think Central America has such a geographic advantage. A long time ago this area was one single, political entity called Guatemala. Since the middle of the 19th century Central America had been a poor area fragmented into tiny states. These countries now, as we enter the 21st century, have substantial populations. Until recently, these have been small and poor countries. They were not interesting markets, and they were not places where many wanted to go and invest. They were of interest to a few people who found them of value for one reason or another. The banana companies found that Central America had the right climate, land and cheap labor reasonably close to the US market. However, there weren't many products like bananas. The Central American countries didn't have oil, and they didn't have much in the way of minerals. Historically their principal interest to outside countries was that they were a route from the US East Coast to the West before the railways were built. That interest was very heavily concentrated in Panama, especially once the Canal there was built.



*Q: Going back to ancient history, long before the time of the Spanish “conquistadores” [conquerors], the area produced a remarkable, Mayan civilization, which had collapsed before the Spanish came.*

BUSHNELL: One, geographic fact often overlooked is that Central America has several locations, particular in Guatemala and Costa Rica, which many people would argue have an ideal climate. They are in the tropics but have some areas which are high enough above sea level so that it is not really hot. The San Jose Valley in Costa Rica is an area which, if you don't get too bored with it, has a virtually ideal climate. I think this climate is probably the reason why, in earlier times when climate had a much greater impact on the development of organized society, Central America was an ideal place for civilizations to develop. You can grow many products all year around; animals can graze in the pastures throughout the year; rainfall is fairly reliable; and the climate is mild at altitude. When the Central American area got its act together, both socially and politically, it developed a fairly advanced civilization well before the arrival of Columbus.

*Q: Do you think that the heritage of Spanish colonialism and mercantilism continue to deter economic and political progress?*

BUSHNELL: Probably. The best argument supporting that view is that, if you look at Costa Rica during the colonial period in comparison with the countries to its North, as well as Panama, Costa Rica was the poorest. Costa Rica had no gold and no real prospects of developing its natural resources. It also didn't have many native Americans, perhaps because even the Indians preferred a different part of Central America. Many native Americans were, of course, wiped out during the Spanish conquest. Few Spaniards wanted to go to Costa Rica during the colonial period. Those few Spaniards who did go to Costa Rica were unable to persuade the native Americans to work for them. They had to do the work themselves. Thus in Costa Rica, during the 18<sup>th</sup> and 19<sup>th</sup> centuries and into this century, the descendants of these European settlers themselves developed agriculture, producing coffee, sugar, and other crops and with people of Spanish ancestry doing the work. They ran the farms, most of which were small. Some small farmers were very successful and expanded in size. There was a social and political mentality which went with the concept of small family farms.

In the other countries of Central America the Spanish immigrants came basically to direct the labor of the native Americans to produce, originally gold, but later other things, such as tobacco and coffee, to send back to Spain. Costa Rica was less appealing for that kind of large scale agricultural activity because the Atlantic coast of Costa Rica was not accessible to the Caribbean Sea, as it was, and is, swampy and low-lying. Ports there have only been developed in the last 75 years. Products from the Central Plateau, a nice area to live and to grow things, were marketed by transporting them to the Pacific Coast, north by sea, and then by land through El Salvador and Guatemala enroute to Europe. That was a hard route; it wasn't economical or profitable. Costa Rica became a back water and developed quite differently from the other countries of Central America, which were dominated by what I would call a typical Spanish development. In these other countries the economies were dominated by the military and, to a certain extent, the Catholic Church. In the first centuries few Spanish women migrated to Central America, and a significant population of mestizos or mixed blood children of the Spanish soldiers and adventurers assumed increasing control. During the colonial period nobody make a substantial

fortune in Costa Rica, although now there are a few rich families. Most of these richer families go back only a couple of generations. There is not an oligarchy based on control and use of the land, as was the case with the oligarchies in El Salvador, Nicaragua, and Honduras.

*Q: As you say, Central America was fragmented, but during the 1820's and 1830's there was a movement toward a federation. However, that movement collapsed after a very few years. Presumably, it could have made a big difference if Central America had ended up a single state.*

BUSHNELL: I've never studied the history of Central America in detail. I don't know what the dynamics of that movement toward regional unity were. When I was in Costa Rica, I spent a lot of time working on what was one of the main thrusts of US policy at the time, which was to help the Central American countries to come together and form a common market.

*Q: A Central American common market. You worked on that matter at that time?*

BUSHNELL: Yes. At that time promoting and assisting economic integration was a major thrust of our efforts in the area. Large economies of scale and increased efficiency were available by sizing many industrial and even infrastructure investments for the area as a whole. My perception was that the oligarchies in the various countries were centered in the capital cities. That was true in Guatemala City (Guatemala) and in Tegucigalpa (Honduras). It was also true in San Salvador (El Salvador) and in Managua (Nicaragua). These oligarchies were willing to scratch each others' backs, you might say, trading high-cost products from their new industrial plants with the other countries. However, these oligarchies weren't willing to give up any of their local power. The capital cities were geographically quite remote from each other. Travel among them was not easy because roads were poor and hard to maintain in the tropical climate. As a result, although the leaders of these countries talked a good game of unification, when it came actually to giving up any of their power to regional institutions, they were not really prepared to move, especially as regional institutions were likely to be more democratically oriented.

Unlike the case of the original 13 colonies in what was to become the United States, most leadership groups in Central America were not trying to keep government off everyone's back but to control their governments for their own ends. Governments were dominant, for the most part, because this was the system the Spanish had established. It was authoritarian, and the rulers were expected to support the Catholic church, which in turn supported the authoritarian government. Until well into this century no alternative was seriously considered except in Costa Rica. When the established oligarchies began to consider how to share power among the several countries, that was an equation which was much harder for them to deal with.

*Q: I would like to ask a general question about Central America before we go back to Costa Rica. Why, throughout the 19th and 20th centuries, has the United States seemed to be unable to keep its hands out of the cookie jar in Central America? That is, going back to the administration of President Thomas Jefferson and continuing through the administration of President Polk, for example, and, in fact, throughout the 19th century, American filibusters such as William Walker were always much interested in Central America.*

BUSHNELL: Partly because this area is close to the U.S. and weak. At various times there has been an interplay between some parts of the oligarchies in one or another of these countries and some US group or groups. Part of these oligarchies try to work with a US group and, through that group, with the US Government, or with part of the US Government, to pursue its own ends. Sometimes these minority oligarchies brought in US forces to further their interests.

For example, consider the banana business. US companies set out to grow and market Central American bananas because it had the right climate, cheap labor, and was close to US markets. The US companies wanted to control the land and the labor where they were making large investments. That was exactly what the more successful members of the oligarchies in most of these Central American countries did. It was almost inevitable that big US investors would want to play in the only political game in most of Central America. This was the same game that the local oligarchy played. The US government was sucked in. For a long time it was a successful interplay of forces for the United Fruit Company and others. The local oligarchies also played these games and also played their American connections when that seemed to be important.

*Q: You spoke of the United Fruit Company which, I think, goes back to the 1890's.*

BUSHNELL: It certainly goes back a long way.

*Q: First the United Fruit Company developed a railroad, and then one thing led to another. By the turn of the century, United Fruit was building more railroads and port facilities, establishing shipping lines.*

BUSHNELL: There has always been almost a total asymmetry in the US relationship with Central America. For most countries around the world the United States is much more important to them than they are to us. In Central America you find one of the most exaggerated forms of asymmetry. For most purposes, until recently, no other country mattered to Central Americans except the United States. The countries of Central America were certainly down near the bottom of the list as far as general interest in the U.S. was concerned, whether for national security, economic, or any other reasons, especially when we decided not to build the transoceanic canal in Nicaragua but in Panama. Thus United Fruit or any large investor could have a large effect on US policy toward Central America because no other US company or interest group had any interest. In more recent time US groups promoting human rights had more effect on US policy in Central America where there were fewer competing US interests than say in the Middle East where there were even more human rights abuses but the US interest in oil and other things out-competes human rights groups for policy influence. In the past couple of decades there has also been large migration from Central America to the U.S. for the first time.

*Q: You started to say how Costa Rica is different from the rest of Central America. Would you care to comment a bit further on that?*

BUSHNELL: Costa Rica developed differently from its authoritarian neighbors and is what we would consider much healthier with universal education and strong democratic institutions. Just as much of the U.S. was developed by people going out and establishing family farms in virgin territory by hard, back-breaking work, that's the way Costa Rica developed. People who were

spun out of the Spanish oligarchical structure to the North, for example because they were soldiers who didn't want to be soldiers any more or because they were on the wrong side of some situation, went to the frontier, which was what Costa Rica was at that time. These people developed their own farms and eventually set up a democratic society, even though the Costa Rican military adopted the Central American tradition in which the military had a prominent role. But education also had a prominent role; people were considered more equal; and merit mattered. Perhaps Costa Rica was too poor to generate any super-rich families.

In 1948 President Pepe Figueres, in the six-day war, led a struggle in which the farmers and ranchers of Costa Rica defeated the military, although they were not really defeated in this campaign which saw a low level of actual fighting. Jose Figueres decided to disband the Costa Rican military force permanently. Since then Costa Rica has had no military establishment. Years later in 1990 the Panamanian democratic leaders decided to do the same thing there, and I had the pleasure of participating in that revolutionary but largely unnoticed decision.

*Q: Figueres headed the side which took over Costa Rica.*

BUSHNELL: Figueres was a fairly young man in 1948 although he was a colonel. Ulate won the election in 1948 promising reforms to help the poor, but the National Assembly, which was dominated by the traditional coffee and business interests and the military, refused to allow him to take office. Figueres broke with the majority of the military and organized an opposition military force mainly with farmers and ranchers. In the plains in the northwestern part of Costa Rica a lot of ranchers lived, much like the ranchers in the western part of the U.S. during the 19th century. These people lived by their horses and their guns. Figueres' forces more or less ambushed the stronger regular military. There was not a lot of actual fighting, but Figueres was able to march on San Jose and take over the government. He headed a new government for a short time during which the military was abolished and other reforms adopted. Then, very unlike typical Latin American military who topple governments, Figueres stepped aside, and Ulate was inaugurated in 1949. Subsequently Figueres was twice elected President, in 1953 and 1970, and recently his son was elected to the same office.

When I went to Costa Rica in the mid 1960's, the basic problem facing the country was the economic structure. Costa Rica was trying to give free education through university level to everybody, plus providing free medical care to everyone. There was not a large enough tax base to do all of this at anything like the quality level they desired. A large budget deficit developed, and inflation and balance of payments problems were becoming disruptive to the productive structure, further weakening the tax base and threatening to generate a downward spiral.

*Q: I think that Figueres is given credit for these advanced and progressive education, health, and welfare policies.*

BUSHNELL: Yes under his leadership they enshrined a number of these policies in the new constitution. But since before the turn of the century Costa Rica has provided universal, free grammar school education. Free secondary and university education came in this century. Costa Rica had universal free education before many US states did. Virtually everyone was literate.

*Q: I think that the country had a literacy rate of 90 percent.*

BUSHNELL: It was higher than that before recent migration from Nicaragua brought it down.

*Q: One-fourth of the national budget goes into education, I think.*

BUSHNELL: A higher percentage, counting grants to universities and other schools. The most rapidly growing expenditure since about 1950 has been health services. The population has grown very rapidly. I think the consequences of this population expansion have become the largest problem. By the time the Alliance for Progress was initiated in 1961, Costa Rica was a model for many of the improvements in education and other social services that we saw as needed in other countries. However, in some areas Costa Rica hadn't done much. For example, they hadn't done much in subsidized housing. Housing has never been too central an issue in Costa Rica because people have always had a frontier mentality and the climate is mild to hot. They could always go out and establish their own farms. Or they could build a shack somewhere. It wasn't high quality housing, but it wasn't bad in comparison with what most people in the world have. Through our aid program, we introduced subsidized housing programs with indoor toilets and sound roofs. The Costa Ricans took to this kind of housing very happily. On a per capita basis they built twice as many subsidized houses as the next-ranking country in Central America, raising a problem of how to pay for the subsidy in addition to all the education and other social expenditure. The Costa Rican economy wasn't expanding fast enough to keep up with all these programs, partly because they had a lot of awkward rigidities to deal with. One rigidity was that Costa Rica didn't permit private banking. The banks had been nationalized about 1948.

*Q: This was a heritage...*

BUSHNELL: Nationalized banking originated under President Figueres and his Liberation Party. State banking was a matter of principle, although the government owned banks were perceived to be inefficient and slow and did not promote development. It was widely believed, and still is today, that banking is a government function just as education is. The lack of an efficient banking system was and is a serious block to economic growth.

The lack of sufficient government income to fund the social services on which there was a Costa Rican consensus was the biggest problem facing Costa Rica, and it continued to be the biggest challenge during the period I was there. Our AID programs were gradually shifted from supporting the already advanced social programs to being directed toward encouraging the development of productivity, so that the government would have the tax base to afford the social services. We were phasing out AID programs which weren't essential. However, there continued to be a lot of Washington bureaucratic interest in pushing social programs in Costa Rica because it was so much more receptive to such programs than other Latin countries, even if it could not afford them. Thus I gave priority during my tour to improving the underlying economy and tax base and blocking US pressures to expand programs which would make fiscal problems worse.

*Q: Let's pick up your story again. I interrupted you when you were saying that you went back to Washington from Santo Domingo and before you left for Costa Rica. You said that you replaced*

*two people who, in effect, were at war with each other, in terms of their perceptions of what we ought to be doing. What did you learn about this conflict while you were in Washington before you went to San Jose, Costa Rica?*

BUSHNELL: I was told the AID Program Officer wanted a bigger AID program to expand housing and other social services while the State Department Economics Section Head thought that Costa Rican economic policies had to be improved substantially to reduce the fiscal deficit before an AID expansion was justified. It was only after I arrived in San Jose that I could see that what we had was really a reflection of a Costa Rican problem. Many Costa Ricans wanted to provide more services in such fields as education, housing, and health. The AID Mission also wanted to do more in these areas. However, Costa Rica basically didn't have the economic base or the willingness to tax the people more heavily to pay for expanded services. Taxes were already reasonably high, unlike those in Guatemala where the government basically didn't tax people leaving the Guatemalan government without the funds necessary to implement even minimal social programs. By contrast, the Costa Ricans had advanced social programs and substantial progressive direct as well as indirect taxes. That doesn't mean that the Costa Rican government couldn't tax a bit more. However, to increase tax receipts substantially the Costa Ricans needed to have productivity grow, and productivity in Costa Rica should have been growing faster because they had the necessary educated people.

Obviously increasing productivity was not a problem that can be resolved from one day to the next. I found, when I got to Costa Rica, that no effort had been made to develop an understanding of this basic problem throughout the AID Mission. Over time we were able to de-emphasize some of the ongoing AID programs simply by telling Washington how far advanced Costa Rica was. We sought to put more emphasis on improving productivity and to building up AID programs in that area. As far as I could see, the real desire in Washington was to adjust to the real problems facing Costa Rica. Through program reviews I attended in Washington and with visiting Washington AID officers we got greater emphasis on defining what the real problems were and in relating the AID program to needed policy improvements. Thus the conflict between the AID Mission and the Embassy vanished.

*Q: Was all of this evident to you as soon as you arrived in Costa Rica?*

BUSHNELL: I had to go through a learning process. I remember some long discussions among the Country Team, involving the Ambassador, the DCM [Deputy Chief of Mission], the AID Director, and other AID officers. The argument turned on what AID should focus on. Quite soon there was agreement. Then it was a matter of the difficult implementation. Some AID technicians' tours of duty in San Jose were two or even three or four more years. We didn't cancel the projects they were working on but reduced them in scale and/or implemented them over a longer period.

*Q: Was Raymond Telles the Ambassador when you were in Costa Rica?*

BUSHNELL: He was Ambassador during the first year that I was in Costa Rica.

*Q: Was he aware of these conflicts with AID? What could you say about him?*

BUSHNELL: He was aware of these issues. If we define a given issue as between the AID Mission and the State Department, he was more on the AID side. He wanted new projects, and he wanted to design them. He had been Mayor of El Paso, Texas.

*Q: Was he a good political Ambassador?*

BUSHNELL: I never had any problem with him. In general, in the State Department and in the Embassy people were not overly enthusiastic about him. However, he was more than willing to have me do most of the work contacting the economic figures in the government. He didn't pretend to master economic dialogue. He only wanted to present issues, when they were ready for presentation, to the President of Costa Rica. That approach gave me a lot of responsibility and maneuver room on economic matters.

*Q: Did we have any such issues?*

BUSHNELL: Few. Generally the President would present issues to him such a need for more AID funding. The Ambassador and the President would agree that their staffs would examine the details.

*Q: You say that, when you arrived in Costa Rica, he had been in San Jose for a while.*

BUSHNELL: He'd been in Costa Rica for a couple of years. I was in Costa Rica for three years [from 1965 to 1968]. He was there for my first year plus into early 1967, and Clarence Boonstra was Ambassador for my remaining time. Ambassador Boonstra was a career man originally from the Department of Agriculture. He had been DCM [Deputy Chief of Mission] in Mexico before coming to Costa Rica. He was an economist. By time he arrived AID policy had been aligned to the productivity and economic expansion emphasis. Ambassador Boonstra was very supportive of what we were doing.

The AID Director also changed in the course of my tour. Al Farwell, who was there when I arrived, had been involved in the battle of AID priorities, which had been going on for a couple of years. He was on the AID social projects side. However, once we completed an analysis of what the basic problems of Costa Rica were, he moved quickly and effectively to support the changed emphasis. About half way through my tour he was replaced by Robert Black who was a leading AID economist. Black agreed with our priorities, but he seemed to think Costa Rica was a bit too rich to have an AID program.

*Q: The DCM was Phillip Raines when you arrived. He was replaced by Kennedy Crockett.*

BUSHNELL: Raines had departed before I arrived. Crockett had been Director of the Office of Caribbean Affairs; he arrived shortly before I did.

*Q: Kennedy Crockett had the background for service as DCM from Washington's point of view.*

BUSHNELL: Yes. I had worked with Ken on the Dominican Republic.

*Q: What did Crockett do in the Dominican Republic?*

BUSHNELL: He didn't serve in the Dominican Republic. He was what was called the Country Director - the Director of the Office of Caribbean Affairs for the whole time I was in the Dominican Republic. He visited the Dominican Republic several times before and during the 1965 crisis. I saw him also in Washington on each of my several visits, and he was always supportive and helpful with what I was trying to do. He was dedicated to helping the DR muddle through to a democratic and hopefully prosperous outcome. During my Costa Rican assignment I was formally part of the AID staff; AID reimbursed the State Department for my salary. Incidentally this detail also entitled me to certain AID benefits which State personnel did not have such as furniture for the house and even a curtain allowance. I held the two titles of Second Secretary of Embassy and AID Program Officer.

*Q: Was the junior economic officer Kenneth Bailey?*

BUSHNELL: Yes, it was Kenneth Bailey the first couple years, and then Ford Cooper, who look over as head of the Economic Section when I left. Kennedy Crockett was concerned that we meet the requirements of the CERP [Combined Economic Reporting Program] and do all the things that every Embassy was supposed to do. I let those tasks lag while I was doing AID work, particularly during the first several months. However, we later managed to do all the CERP reporting and more. Hugh Lobit was the other officer in the Economic Section when I arrived. Within a few months he volunteered for duty in Vietnam and was killed during the Tet offensive.

*Q: How about the Political Section of the Embassy in San Jose? Do you have any special comments on that?*

BUSHNELL: When I arrived in San Jose, the Political Section was headed by Cabot Sedgwick.

*Q: And then Ray Gonzalez came.*

BUSHNELL: Cabot Sedgwick was a member of a different generation. He did not show any interest in economics or AID. Although I read much of the reporting of the political section, I actually didn't have much to do with him. Ray Gonzalez was a big change for the better, as far as I was concerned.. He was sensitive to the political nuances and properly concerned that the Embassy did not get too close to the Costa Rican government of the moment and that we maintain contact with many people outside the government. There was a real danger that the AID mission would become too much a part of the Costa Rican government. Many of our AID technicians actually had their only office in the Ministry which they supported. This relationship with the Costa Rican government was as close as I have ever experienced. There are former French colonies in Africa where the French advisers to the local government had offices down the hall from African officials. These advisers were the people who really made the ministries run. While I don't think that we were in that position, it was a matter of concern that we not be perceived to be the people who made the ministries run. Some of these AID offices in the ministries had been open since Nelson Rockefeller was the Coordinator of Inter-American Affairs during World War II. These advisers had taken on certain responsibilities. Some Costa



Rican government papers were routed through these advisers. In effect, they were part of the structure. By and large that wasn't a healthy relationship. Some AID advisers had been in Costa Rica for over six years - one for a dozen years. We substantially reduced that relationship as we reduced these programs.

Costa Rica is a small place and a small society. Word gets around quickly. It was an advantage to me to be young and not perceived as being a person who was giving orders. This made it possible for me to call frequently on the officials of the Central Bank and the Ministries of Finance and Planning without anyone taking much notice. Although Costa Rican sentiment against too much US influence was strong when I arrived, ironically it did not really break into the open until a couple of years later after we had in fact already reduced our presence substantially. A campaign against AID Director Black was launched attacking his role in supposedly ordering around Costa Rican officials and otherwise insulting Costa Ricans. It degenerated into personal attacks with one radio station broadcasting some new accusation every couple of hours, including such things as he hit his Costa Rican secretary. Members of the Congress as well as the radio stations demanded the government throw him out of the country. Several of us in the Embassy met with our contacts to try to quiet this storm; a couple of members of the Costa Rican Congress told me things Black reportedly said; I could tell the problem was partly his lack of command of Spanish and partly the eagerness of these opposition politicians to find a way to attack the government while wrapping the Costa Rican flag around themselves. Unlike the Embassy, AID did not make an effort to stay in regular contact with the opposition. After a few days all the fuss quieted down, although the government never publicly defended Black or even itself.

Before I arrived in San Jose, the AID Mission Director and all the AID support staff, those who did not have offices in the various ministries, were in an office building across the street from the Embassy. I am convinced this physical separation and what I quickly saw as little contact between Embassy and AID people had contributed to the Embassy versus AID struggle. The Ambassador and DCM had decided that uniting the American Mission would be helped by moving at least the AID Director and Deputy Director into the Embassy building. However, there was no extra space in the Embassy. It took a lot of work to come up with a plan to expand the Embassy and even more work to convince Washington to fund the work on an expedited basis. Eventually a small number of the senior AID officials moved into what had been the economic section space plus a couple of adjacent offices. I kept the economic section chief's office next door to the AID director with our American secretaries sharing the space between. The cost to me was that all the rest of the economic section was moved downstairs to the expansion space and about as far away from me as the building across the street.

*Q: I would like to touch briefly on other people who were in the Embassy or in the AID Mission. Bob Gershenson was the Administrative Officer of the Embassy. Later on, he ran the Office of Personnel in the State Department. Do you have any particular comment on him?*

BUSHNELL: I have known Bob well for many years. When I was assigned to ARA [Bureau of American Republic Affairs], he was Executive Officer of ARA and a personal friend of mine. Both of his wives gave birth in San Jose, and they are good friends. I consider him one of our greatest Administrative Officers. He did a tremendous job as Administrative Officer in Costa

Rica. He was always interested in what was going on. He had a feel for the context. He wasn't just trying to balance the budget and handle personnel relations. He did those things well, but he put them in context. For example, I could never have brought the senior AID people physically into the Embassy without the imagination of Bob in finding a way to expand the building on our limited lot and then his bureaucratic skills in getting it funded and then build practically overnight.

Bob paid attention to what was going on in the country and had good political instincts. In the spring of 1966 elections were held in Costa Rica and were predicted to be fairly close. At the Country Team meeting the week before the vote Ambassador Telles ran a sort of pool. Everybody picked who would win and by what percentage. Most people at the meeting picked the candidate of the Partido de la Liberacion [Liberation Party]. A few, including Bob Gershenson, picked the Opposition candidate, who won by almost exactly the margin Bob had predicted. Bob did better than any of the political officers in the Embassy. I kidded Bob, saying: "You know, you were just being contrary. You just said that to sound different." He said: "No, I wasn't. Everybody in Costa Rica talks about politicians. Almost everyone on my staff is Costa Rican. I listen to them. They said they and most of their families were going to vote for the opposition candidate. That's what caused me to predict that outcome. However, I was lucky I got the right percentage."

*Q: Let me continue with those elections for a minute. What were others in the Embassy predicting? Temple Wanamaker was the PAO [Public Affairs Officer and chief representative of USIA - United States Information Agency]. Were his views a factor in your calculations on the outcome of this election? Did you have much contact with him?*

BUSHNELL: I don't remember what others predicted. USIS had a big English-teaching program in Costa Rica. They did the usual exchange and public information things. The Costa Rican media got a lot of their material from USIS. We had a few public relations crises on AID or other economic matters. I felt that more direct action was needed on these matters than USIS was able to generate, so I worked directly with the press. This was never a problem for USIS. I should mention that one of the things I did on arrival in San Jose in order to smooth my unique role as head of the economic section and AID program officer was to establish that the AID Director would represent the Economic Section as well as AID at the three-times-a-week small staff meeting chaired by the Ambassador. Thus I had less contact with the heads of other sections and agencies than would be usual for the Economic Section Head. This procedure did save me a lot of time. Eventually Ambassador Boonstra insisted that I attend his small staff meetings, but they were much shorter than those of Telles which could last hours.

*Q: What did you think of the Peace Corps in Costa Rica?*

BUSHNELL: The Peace Corps contingent was large. I would sometimes talk to incoming groups. Costa Rica was a good country for them. Most of the volunteers would go into the countryside and were readily accepted there. I think in Costa Rica the volunteers got more out of this program than the Costa Ricans did. I visited a few of the volunteers in the countryside. They were helping to bring in new crops and also helping the people raise chickens in a more professional way. They made a difference to a small group of people in whatever small place

they were working. That's what this program was all about, and I think they made a good name for America.

AID had a program to provide small grants for local self-help projects. These were hard grants to administer and meet the AID requirements for procurement and contracting so not many were being done. I worked out arrangements so that Peace Corp volunteers could help those they were working with apply for these small grants; AID then relied on the Peace Corp person to provide it most of the documentation. This program really took off as it provided the small-scale resources Peace Corp volunteers had been missing. Several volunteers became quite expert in meeting the AID requirements so we in AID did not have to do much. Eventually, when his Peace Corp tour was over, we hired one of these volunteers as assistant program officer.

*Q: Is there anything you can say about the CIA [Central Intelligence Agency] in Costa Rica ?*

BUSHNELL: I didn't have much to do with the CIA. I don't know what so many agents did in Costa Rica. I only learned about the CIA much later in my career.

*Q: Did you have the impression that the CIA people were a bunch of shadows floating around?*

BUSHNELL: A couple of CIA people were personal friends. Costa Rica was an open society, and they, like everyone else, had ready access.

*Q: Could you say a little bit more about the political and economic situation, as it was during the time that you were there, and particularly during the elections?*

BUSHNELL: I arrived in Costa Rica in November, 1965. The elections were held in March, 1966. The Partido de la Liberacion [Liberation Party], the party of Jose Figueres, was in power and had spent its way into inflation and foreign debt problems. The President was Francisco Orlich. Under the Constitution a president can not succeed himself. Although the tradition in Costa Rica was that the opposition wins presidential elections leading to an alternation in power, the opposition was fragmented. However, it won with Jose Trejos, a math and economic professor elected president in his first try for public office. I tried to establish contacts with the incoming economic team.

*Q: The incoming group was in opposition to the Figueres party?*

BUSHNELL: They were what we might call the conservative opposition to the Liberation Party. The Figueres party had a progressive outlook and wanted to expand the state to provide more services to both the poor and middle-class -- just about everyone in Costa Rica. The opposition group was more business-oriented although Trejos had been a professor most of his life.

*Q: The opposition was known as the National Party.*

BUSHNELL: These two parties were sort of like the Republicans and the Democrats in the United States. The Partido de la Liberacion was more like the Democratic Party, and the National Party was more like the Republicans.

*Q: The elections in Costa Rica were always vigorously contested.*

BUSHNELL: Yes, very vigorously contested. The presidential elections were held at the same time as the elections for the Legislative Assembly. The President, Vice President, members of the unicameral legislature, and local officials are elected every four years. After the election I took advantage of a USIS [United States Information Service] exchange program. We brought in a US professor, whose name escapes me now, a policy oriented economist. By this time I knew some of the officials from the outgoing Liberation Party fairly well. I didn't know the incoming officials from the National Party. One of the members of the Board of Directors of the Central Bank, with whom I had been working closely, had a brother-in-law who was in the opposition and was to become the Planning Minister of Costa Rica. I proposed to the Central Bank director that we get a few officials of the government to be taking office in a few weeks together with this US professor. I suggested we go off somewhere and spend a weekend to discuss the economic problems in the country. He liked that idea. USIS thought that it was a good scheme and arranged to fly all of us to a place on the Pacific coast where USIS had arranged for us to stay in a house. We had discussions with three men who were to have senior positions in the new government. Their jobs had not even been firmly determined. It was fairly soon after the elections and before the cabinet had been chosen.

The six of us spent two days into the nights discussing Costa Rica's economic problems. Unfortunately, the visiting professor didn't speak Spanish. Some of the Costa Ricans had excellent English, and we translated. The US professor had no knowledge of Costa Rica. So the Costa Ricans explained the situation in Costa Rica to him and, of course, to me. The official of the outgoing government had the opportunity to lay out the current difficult situation including the key numbers in a friendly way. The conversation focused on things that were important. The exchange was very useful to me because it made it possible to establish a relationship with these Costa Rican leaders, two of whom eventually became the Finance and Planning Ministers, while the other man became a member of the Board of Directors of the Central Bank. Right from the beginning we had an open discussion with them and the opportunity to explain how we saw certain problems and what AID was doing.

This visiting professor was traveling under what USIS calls a leader grant. It was a very useful way to develop these relationships and discussions. However, I don't think our professor from the United States reached the point where he would be considered a Costa Rican expert. He was particularly good in mentioning how other countries had solved similar problems by relying on market forces.

The new Costa Rican government took power. It was encouraging to see that most ministers saw their economic problems pretty much the way that we then saw them. I spent most of the rest of my time in Costa Rica trying to help these leaders improve the situation. This gave me a sense of great personal satisfaction. When we had the discussions at the beach, Alberto Demare was one of the participants. He was the brother-in-law of my friend at the Central Bank. He became Planning Minister in the Trejos government which took over in the spring of 1966.

He invited me for additional discussions even before he assumed his office. I invited him to lunch at my house, just the two of us. He said they had problems getting good technical people to work in their government because salaries were so low. They knew a Costa Rican who had just finished his Ph. D. degree in economics at the University of California in Berkeley. Demare said that this was really the sort of person they would like to include in the government. He had this advanced training, and he had been all through university in the United States. However, he was too inexperienced to be a member of the Costa Rican cabinet. The Costa Rican government wanted to hire him, but he had been offered a position, an assistant professorship on the faculty at the University of California in Berkeley, which paid reasonably well. The Costa Rican government couldn't come close to matching this salary. Such an offer from the University of California at Berkeley suggested to me that Costa Rica really was losing a key talent. In the way that Costa Ricans often turned to us when they could not solve a problem, Demare raised this matter with me. He said: "We'd really like to get this guy back to Costa Rica." It seemed to me that it would be very much in the US interest for this young man to return to Costa Rica and take a senior job in the incoming government. He had the necessary education, at least one year of which had been supported by some kind of US grant. He had financed most of his education on his own.

I went back to my office and tried to find an imaginative solution. We could not make him an AID contractor and have him hold government responsibilities. However, there was a fund from the repayment of some old US loans which the Costa Ricans had to repay in local currency and which was then jointly programmed by the Costa Rican government and AID. I suggested we agree with the Costa Rican government to pay this young man a monthly stipend out of this joint pot of money to make up sufficient compensation to bring him back to Costa Rica. The amount was quite small. Some in the Embassy felt that this situation would be a bit awkward. I also felt it was a bit awkward, but we could find no alternative. I suggested Demare have President Trejos raise the problem with Ambassador Telles if it were important. Trejos raised it as about the first thing he discussed with Telles, who of course wanted to get off on the right foot with the new President. The arrangement was made. Rodriguez became the Deputy Planning Minister and only a handful of people in both governments knew this fund sent him a monthly check. He was a close contact of mine, and he did great work. At that time he said that he might eventually go back to the U.S. to a university. However, he and his family settled down in Costa Rica and in addition to business interests he continued in political life. Today he is the President of Costa Rica. He was defeated the first time he ran in 1994, but in 1998 he was elected.

*Q: What was his name?*

BUSHNELL: Miguel Angel Rodriguez. He got great experience as deputy planning minister. His and Demare's offices were in the same building as the President. The Planning Office was really the Office of the President's economic advisers. Miguel was a good economist. Of course, I got to know him well, and I found he was not the one who wanted to come back to Costa Rica.. His wife, also a Costa Rican, wanted to come back to her family. He later told me: "You know, coming up with that money made the difference. Otherwise we wouldn't have come back."

*Q: Costa Rica is a strong country in terms of political, economic, and social circumstances. You really could become well acquainted with key figures in the government. So interaction with them was easier than it would be in lots of other places.*

BUSHNELL: That's certainly true, but many in the official US community did not take advantage of this situation. Most had a few Costa Rican friends but circulated mainly with other Americans. There was a large American community.

*Q: There are thousands of Americans who have retired and are living in Costa Rica.*

BUSHNELL: Yes. Not nearly as many then as now, but a lot. So it was easy to spend your time living in an American atmosphere. There was also an American-Costa Rican community which was sort of half and half. The members of this community was oriented toward what people used to call the oligarchy. They included the rich and other people who were members of the prestigious *Country Club*. Officers, especially AID [Agency for International Development] officials, did not have the broad contacts that one would have expected in that sort of society, especially some who had lived there for many years. You had to work a little at developing contacts. It wasn't that hard, and it didn't take that much entertaining.

Our representation allowance was quite sufficient although we did a great deal of at-home entertaining. Fortunately, because I was going to this joint AID/Embassy position, the Embassy rented a nice large house for us. It was the house the previous economic section chief had rented for himself, but he was two grades more senior than I was. Most Embassy officers rented their own houses and received a housing allowance. We were invited back by Costa Ricans, to some extent, but not a lot. I think most Costa Rican government officials were embarrassed about the modesty of their homes and were reluctant to invite you to their homes. For example, I knew Alberto Demare, the Planning Minister, very well. He and his wife had often been to our house, and he often came to lunch. He would invite me to lunch, either at the dining room at the National Palace or some place else. However, I was never in his home. During the whole three years we were in Costa Rica, there were probably only half a dozen Costa Ricans who invited us to their homes.

Costa Ricans don't do much entertaining beyond the family group. Costa Rican society is a modest society; there are few wealthy. Middle-class Costa Ricans have domestic servants, but most don't have servants who serve the table. They may have someone to do the cleanup and the cooking, but Costa Rican society is different from the of society one finds in most of Latin America. We had several maids over the three years, and in every case my wife had to train them to serve the table properly. I did not find it hard to get to know Costa Ricans very well professionally. However, one tended not to get to know them very well socially.

*Q: Can you say a little more about your actual, working situation? How did combining the two jobs work?*

BUSHNELL: There were certain things where I had to be diplomatic. I went to large Country Team meetings as did the AID Mission Director. I generally left it to him to speak about AID matters. I would deal with economic policy questions. I saw my role at Country Team meetings

as the head of the Economic Section, rather than as Program Office of AID. I spent most of my time on AID work, although I spent a lot of time helping the more junior economic officers do the reporting in the Economic Section. I found that being AID Program Officer required writing or at least editing several books per year which summarized every detail of every little program in which we were involved. Fortunately, I had a very good Assistant Program Officer. After a year or so in San Jose, I managed to move into a position in AID called Loan Officer. I then moved up my former assistant to be the AID Program Officer to handle all of this voluminous writing to justify the technical assistance programs. Thereafter, I could spend more time on supporting and justifying the loan program, which is where the bulk of the money was. The AID grant program only covered about \$1.0 million a year in addition to the salaries and costs of American personnel.

We made various loans to Costa Rica. We tried to respond to the problems that I have identified. There was the problem of a nationalized banking system. We made a little progress in getting the Costa Ricans to open that up. They had already agreed to authorize the opening of private, development banks. These private banks could not accept deposits, but they could extend loans. There was one private bank which AID had supported. I justified another loan to expand long-term financing available outside the government sector. We had a loan project supposedly justified to support an agrarian reform program. What it really involved was a program to determine land boundaries, because most of the land in Costa Rica had never been professionally surveyed and titled. People really didn't have proper titles to the land. They may have been living on a property for generations, but it had never been properly surveyed. Often there were questions involving the boundaries, and even the nationalized banks would not lend on the basis of property that was not properly registered.. This situation interfered with the development of these rural properties. This loan project aimed at building up expertise and at financing the jeeps and equipment needed by people who went out into the field to do the surveying. Then, on the basis of these surveys, land titles could be issued.

We had long discussions about monetary and fiscal policies with the Costa Ricans. I proposed to Washington that we extend a program loan to support improved economic policies, as we had done in Colombia. Eventually, we justified this lending and extended a program loan for \$3.0 million. This was really peanuts. I think that Washington let us have this only because I had done so much work justifying the loan. But the Costa Ricans were appreciative. It helped them in what they were trying to do to improve their revenue base. Lending activity also provided me with a reason to travel frequently to Washington. Once I became the Loan Officer, I went to Washington to justify each loan under consideration there.

*Q: What was the volume of these loans?*

BUSHNELL: They weren't particularly large. Remember we are talking about the 1960's. I think that our overall loan program in Costa Rica amounted to less than \$20 million per year. Our grant aid program including all the contracts and other costs was not more than \$5 million per year. When I arrived in Costa Rica, we had a large AID Mission. It steadily grew smaller because we were cutting back on technical assistance. We were getting out of a lot of ministries and programs. This approach of having somebody in every ministry and having some, little program in each ministry had changed. These small traditional programs were very labor

intensive. Moreover, by the 1960's many Costa Ricans had graduated from US and other major universities and gained experience in other countries. In most cases there was a Costa Rican expert who could do what an American could do more effectively and at much less cost.

We introduced new programs to support the new AID thrust. For example, we brought in a four-man team from the IRS [Internal Revenue Service] to help re-tool the Costa Rican tax collection system. In connection with the loan for land boundaries and agrarian reform we had a private American contractor who had six or seven people organizing the cadastral effort. We brought in an economic policy team from the Nathan Group. We had a contract with the University of Florida to provide open ended agricultural expertise and even an agricultural economist.

This extensive program with the University of Florida I negotiated to overcome our bureaucratic slowness. The Costa Ricans would encounter say some animal disease which was new to the area. By the time we justified an AID project, submitted it to Washington, received approval, went out for bids, and negotiated a contract with some institution a year and a half later, the problem had either been solved or the animals were all dead. What we needed was an arrangement permitting us to contact some agency quickly that was already under contract and already had the money programmed to provide the expertise within days. I went to the University of Florida in Gainesville and talked with them about a flexible arrangement. Tropical agricultural was a primary focus for the University of Florida. The university provided a couple of people on a one-year or two-year assignment. Then, when a technical problem arose, they would either send somebody from their staff or they would be the intermediary in finding and sending somebody from another entity. They would send a person to Costa Rica for a couple of weeks, or in some cases someone would go up from one of the ministries or institutes in Costa Rica to the University of Florida with samples, test tubes, or whatever. We adopted a results oriented project. Meanwhile we cut back on AID people working in the ministries.

In general, I tried to focus on getting the new programs approved and organized and avoided spending much time during the implementation phase. The population program was one in which I took a special continuing interest. The population was growing very fast in Costa Rica. The birth rate was one of the highest in the world, although it was an educated population, and the infant mortality rate was not much higher than in the United States. There was hardly anything going on in terms of population planning, in part because the Catholic Church was opposed to birth control and was strong in Costa Rica.

*Q: And Costa Rica had one of the higher population growth rates in the world.*

BUSHNELL: Yes, the children survived because they had decent diets and health services. Life expectancy was 65 or something like that. The situation wasn't like that in some other countries where life expectancy is low and there is a high birth rate. There was an intellectual gap. People just hadn't focused on the population problem. I came up with the idea that we take a group of Costa Rican thinkers and people of influence to attend the International Planned Parenthood Conference, which was to be held in Santiago, Chile. We established an AID budget, and we invited some key Costa Ricans to go. It was part of my education when I asked whom we should invite. The first people we asked were our AID advisers in the Ministry of Public Health. They couldn't get any further than proposing to invite the minister. The minister was a real problem in



this area and was unlikely to go if we invited him. I had to get into this in detail and work on getting together a list of proposed participants. I started by listing former President Figueres, because he was the old man with great sway in the Liberation Party.

*Q: And because you knew him better than others?*

BUSHNELL: I knew him, but he was invited by the Ambassador.

*Q: He had previously been President and was again President, later on, some time in the 1970's. In any case, he was the outstanding politician in Costa Rica.*

BUSHNELL: Yes. The Ambassador invited him to go to this conference at AID expense, and I invited the director of the editorial page of one newspaper and an executive from another newspaper. One of them was a good journalist, and the other was really a businessman, although years later he became foreign minister. I also invited a professor from the University of Costa Rica, who had been fairly outspoken in this area. Finally, we paid for six people to attend the conference. I went with them.

The conference was a revelation for these six people, because, of course, the world was discussing what to do about abortion and promotion of birth control was taken as a given. Some speakers said perhaps you shouldn't force people to limit the number of children in a family, but others favored state restrictions on family size. The debate at the conference was so far removed from the debate in Costa Rica that these Costa Ricans could see that they were in the dark ages on population matters. I didn't have to say a thing. They just listened to the presentations, and, of course, they talked with other people there, including many Latin Americans. After they returned to Costa Rica, it wasn't long before the leading newspapers began running editorials urging that Costa Rica had to address the population issue. Discussions were organized at the university and by the political parties. Practically overnight the interest in and attention to this problem spread like wild flowers, and the six AID participants were very evident as promoters of the debate.

The professor, who was one of the Costa Rican participants at the conference, developed a big movement to promote family planning based at the University of Costa Rica. Within a year the Costa Rican government found that it could begin supporting family planning programs and allowing private groups to do so. This International Planned Parenthood Conference really turned around thinking and action in Costa Rica. Or at least it speeded up the turn around. The trip to this conference in Santiago, Chile, exposed these key Costa Rican leaders to the issues of rapid population growth and what other countries were doing to manage the population explosion. A few active, well-placed leaders can make quite a difference in a small democratic country. Organizing the trip took a lot of my time, but not much AID money.

I had a routine to which I got accustomed, although it was hard on my family. Most Saturday mornings I would meet with Demare at the Ministry of Planning. Often Demare's deputy, Rodriguez, would be with us. They worked regularly on Saturday mornings when we would have time without lots of interruptions by phone calls or requests from the President. Demare would raise those things on which he wanted help or on which he just wanted to exchange ideas. I would have a number of issues where our programs had bogged down or something wasn't

working within the Costa Rican government. It was an effective way of coordinating because the next week the Planning Minister would work with others in his government to resolve problems, often getting President Trejos to issue the needed order or make a phone call.

*Q: What was your proudest achievement in Costa Rica, when you look back on your time there?*

BUSHNELL: I don't know that any single thing stands out. It was not my achievement, but I had much satisfaction from contributing to the real change in population policy. I think I also contributed to the positive change in economic policies getting the economy on a road to rapid economic growth that has sustained the high level of social expenditures over the past quarter century. I could mention the arrangements for close working cooperation made between the Embassy and AID during the three years I was in Costa Rica. When you think of the disputes that had taken place just before I went there, however large or small they were, they were no longer taking place. Everyone was working from the same script. However, by the time I was leaving Costa Rica the agreement for integration between the Department of State and AID in Washington was coming apart; the Alliance for Progress was dying.

Another thing that took a lot of my time but without much in the area of achievements was work to support the Central American Common Market and develop it. By 1965 we had a separate AID Mission in Central America focused on economic integration and regional institutions, known as ROCAP [Regional Office for Central American Programs]. Embassies and AID missions in the individual countries did not have regional integration as a priority focus although they were supposed to support it. ROCAP was based in Guatemala City, and the Mission Director was Oliver Sause. Each country in Central America wanted to develop industries as they saw industrialization as the route to higher productivity and prosperity. However, these markets individually weren't large enough to support many industries. For example, you couldn't build much of a petro-chemical or automobile industry based on the Costa Rican market. Costa Rica had large banana exports, and, when the banana exports began to be shipped in cardboard boxes, it was possible to set up factories to make cardboard boxes because the economies of scale were there. Costa Rica could also support some light industry, but there wasn't a big enough market to support large-scale industrialization. In Costa Rica there were only 1.5 million people, who were not very wealthy. The same was true of the other countries of Central America; they had somewhat larger populations but the average income was substantially less.

It was obvious that, if they were going to industrialize, other than to export the production which would have required world-class efficiency, the countries of Central America would have to become much more integrated than they were. They could expand their market by developing a single Central American market. It would encourage investments and result in many new higher paid industrial jobs. By the time I arrived in Costa Rica, they were well embarked on this integration. However, their method was not very constructive; the governments agreed that one Central American country should have a steel industry, another country a chemical industry, while still another country would do something else. Then every country would have a little monopoly, and they would trade the products with each other while protecting all their markets from competition from the rest of the world.

*Q: That would take too much planning. It would require an overall plan.*

BUSHNELL: Yes. Like a communist system, industries had been allocated to one country or another, mainly on the basis of political compromises not according to likely efficiency. Because they would all have lots of tariff protection, they would end up with very high priced output, with low volume, low efficiency, but perhaps high profits for the owners whether they be Central American or foreign investors. Of course, that wouldn't work. Thus many industries were stalled. Moreover, the loss of government revenue from import taxes on many industrial goods now being purchased within Central America was a major contributor to the fiscal problems of all the countries. It was these fiscal constraints that made it impossible for the countries to expand the social programs which were at the heart of the Alliance for Progress.

*Q: The approach should have been just to reduce or eliminate tariffs among the various Central American countries, and then let the market determine who did what.*

BUSHNELL: There was some of that, and there was increasing trade among the Central American countries. The big problem was what they did with the common, external tariffs and whether they would put up or keep sufficiently high tariffs to protect each other's industries. This is where the arrangement finally broke down. Each country thought that it was getting a lousy deal. There was a lot of friction, and this whole planning arrangement was rapidly coming apart. It was also proving very difficult to develop Central American institutions that would really work in the Central American context. To a considerable extent each government saw regional institutions as no more than a place to give their friends comfortable jobs. Actually I thought there were lots of opportunities for economies of scale in Central American cooperation or integration outside the trade area. For example, it made sense to have one technical institute to set standards for all the countries; concentration of research and advanced training on agricultural or health matters of concern to all the countries was about the only way real progress would be made. As university education expanded, it was reasonable for the various universities to specialize, especially at the graduate level, so that one would be advanced in engineering, another in microbiology or statistics. Some joint diplomatic representation even made sense as it was too expensive for each of these small countries to maintain embassies in many places.

In 1966 and 1967 Central American economic integration was suffering from severe indigestion. Sitting as we were in Costa Rica, we had an even bigger problem overarching the economic integration situation. Costa Ricans saw themselves as the only democratic country in Central America with no military establishment and with values different from the other four Central American countries. They saw that economic unification had a political overlay as part of this same process. Thus Costa Ricans were increasingly seeing Central American economic integration as a threat to their democracy and to their social values. Remember all four other governments in Central America at this time were dominated by military institutions and were more authoritarian than democratic; also education levels elsewhere were far below the Costa Rican level. These concerns were shared by both the more conservative and business-oriented Trejos government and the outgoing Liberation Party even though it had signed the integration treaties. Central American integration was an area of major issues for the Ticos. At first I wasn't much involved because Embassy and AID efforts were just supportive of the integration process, and ROCAP was responsible. Of course I heard a lot about it from Costa Ricans.

*Q: And ROCAP and Sause had the lead on these problems?*

BUSHNELL: That's right. ROCAP had a lot of people in Guatemala. ROCAP also had a few American technicians who were stationed in the other countries where regional projects were centered. In Costa Rica the AID Mission, with the help of the ROCAP people, implemented certain projects which were regional in nature. For example, one of the regional projects with which I had the most problems was a regional textbook program. The idea was to develop and supply standard textbooks that would be used in primary schools throughout Central America. This was a large AID-sponsored program. AID allocated an immense amount of money to bring together educated, textbook writers from the five countries of Central America to write the books.

*Q: Was the purpose to de-emphasize the nationalism?*

BUSHNELL: At least to recognize that it existed. The whole program never got beyond the fourth grade level. I don't know how much you could or should do in terms of a common Central American approach to elementary reading, math, and Spanish. However, the Central Americans thought that they could develop a common Central American outlook, and this approach seemed to have great appeal to the AID educators involved. There is a superficial appeal to at least make students aware of the other countries of Central America by having the textbooks describe the situation in various countries. Instead of saying that if you have five Costa Ricans and then you have an additional four Costa Ricans, how many Costa Ricans did you have? You could say that if you have five Costa Ricans and four Guatemalans, how many Central Americans did you have?

Of course, it was very hard to get agreement on the content of the new Central American textbooks. Then AID donated enough money to provide one textbook for each student for the first year. This was a revolutionary approach in the four other countries of Central America because their schools never had anything like one textbook for each subject per pupil. For the first time, the pupils were getting textbooks that the pupils didn't have to buy. In Costa Rica, of course, they had had textbooks. There were even publishers of textbooks who saw their market being destroyed. There was a big argument about replacing the Costa Rican textbooks which they had been using. Finally the texts made available to the Costa Rican pupils were to be supplementary, rather than replacements. Then, after the first printing which AID paid for, the various countries were supposed to pay for printing subsequent issues of these books. Then the question arose: "Is every country going to print its own textbooks or is there going to be a central printing plant for all of them?" Obviously, there would be economies of scale to produce the books at one plant. Then there were negotiations about which country was going to print each book. The printing job was to be divided up. Increasingly, the Costa Ricans became concerned that regionally written books would weaken the Costa Rican traditions of democracy, universal education, and equality. I was surprised to find that AID technicians were pressing Costa Ricans to accept more authoritarian and militaristic concepts from the other countries for the sake of making the regional project fly. Human rights was not a big thing in our foreign policy yet, but I was bothered that the U.S. was not on the side of Costa Rica in defending the principals we believe in. In fact in several respects US support for regional integration caused us to support policies we normally were against from high tariffs and industry planning to excessive bureaucracy in regional institutions.

Sometime, in 1967 I believe, Washington came to the conclusion that we needed to help the Central American countries more on an their overall economic policies, so they would be more efficient producers and so their tax structures could begin to yield the revenue needed for the social programs of the Alliance for Progress. AID Washington set up an American working group to put heads together among Americans and then talk with the Central Americans and work out how the U.S. could be helpful in moving the Central American countries forward on efficient production and an adequate tax structure. After considerable discussion Washington named a three-member committee composed of Ollie Sause, Mission director of ROCAP [Regional Office for Central American Programs], Deane Hinton, AID Mission Director and Economic Counselor in Guatemala, and me. This project took up a lot of time wherever we met. Once we met in Costa Rica, but we would usually meet in Guatemala where the other two were resident. Of course, there were Central American institutions in other countries, and a few times we met in El Salvador and Honduras to have discussions with regional institutions there.

*Q: This was in 1967?*

BUSHNELL: I think it started in 1967 and extended into 1968. We would meet and try to prepare reports to analyzing the Central American situation and areas for US emphasis. We tried to make ROCAP programs more economic policy-oriented. In the wake of projects like paying for textbooks, we recommended more focus on economic policies, such as improving the tax structure and understanding the true costs of competitive incentives for new industries. We tried to work with the principal institutions of Central America such SIECA along the same lines. It was hard to make any progress. The divisive pressures within Central America were growing, and all of this effort actually came to very little. However, it took up a lot of time.

*Q: What was the principal inspiration or stimulus for all of this? Was it indigenous or was it something that we tried to impose from Washington?*

BUSHNELL: There was a certain element of each. As the years passed, the view of the Alliance for Progress as a program to build schools, houses, health centers, and water wells was changing to focus on helping the various countries get their economic policies right, so that these social projects could be implemented without the U.S. doing them. There was also a growing realization both in Washington and in Central America that, although economic integration and a common market were the right approach, there were important pitfalls in the ways integration was in fact moving forward. The same metamorphosis that was taking place in the bilateral program in Costa Rica was being applied at the regional level. The pressure was from the same economic officers in Washington, such as Ray Sternfeld, David Bronheim, Don Palmer, and Bill Stedman, who were pushing this same thrust for ROCAP.

*Q: ROCAP is an acronym...*

BUSHNELL: ROCAP stands for the Regional Office for Central American Programs. ROCAP was the AID Mission dealing with the regional institutions in Central America. At the same time AID thinking was changing, many Central Americans economists, and the Costa Ricans in particular, were becoming concerned with what they saw happening on regional policies. The Central American Common Market wasn't developing along the lines that they would like to

have seen. In the early 1960's there had been some large increases in trade among the Central American countries. There was an opening up for trade by existing industries. You would see Costa Rican beer in Managua [Nicaragua], and you could see Nicaraguan beer in Costa Rica, with such trade benefiting consumer choice and sometimes price competition in both trading partners. In short lowered trade barriers among the Central American countries on many, but far from all, commodities resulted in quite spectacular increases in trade, albeit from a low base.

However, this process was running out of steam, and it was not generating the sort of investment in new productive facilities that was needed and that the Costa Ricans and others had expected from the initiation of the common market. The Costa Ricans didn't like the detailed state planning involved in designating which countries would get which new industries. Much of this planning seemed to involve industries which would be hard to develop anywhere, let alone in largely undeveloped Central America. Which country should build ships? None had ever build anything bigger than a fishing vessel. These were questions of considerable intellectual analysis and, indeed, growing public debate at least in Costa Rica. This growing debate was helpful to our committee because we could talk about issues which many Central Americans also saw as problems. However, neither we nor they had much in the way of politically feasible solutions, given the considerable amount of nationalistic overlay and the unrealistic expectations which the original promoters of the Central American Common Market had generated.. The Costa Ricans thought that in some of the other Central American countries there was what one might call the establishment or the oligarchy willing to take virtually anything that anyone was willing to give them but unwilling to share their power even within their countries. A true common market with no restriction on trade among the countries would have meant a substantial opening up of the market and a reliance on market forces instead of bureaucratic control. The oligarchies based much of their authority on their bureaucratic power.

*Q: Any further comment on what Ollie Sause and Deane Hinton did in Central America?*

BUSHNELL: They were very capable. We had no major disagreements among the three of us. None of us found any magic bullet for the real problems. This committee was a great, learning experience for me, especially the opportunity to get to know Deane Hinton. He was a very good economist with an exceptional eye for the political aspects.

*Q: You knew him later.*

BUSHNELL: Yes, later when I was on the NSC staff and then through much of the rest of our careers our paths crossed frequently. Ollie Sause, although an AID officer, was very diplomatic in dealing with the Central American bureaucrats, who had considerable egos, at the regional institutions. Deane Hinton was extremely good at drawing them out and getting them to think through the issues. He led them to draw the inevitable conclusions, even though they didn't like them. I learned a lot from this experience on ways to use interviews for accomplishing one's objectives. Of course, they were both much more experienced in doing this than I was.

*Q: When did these talks basically collapse? Did this happen by the time you left Costa Rica?*

BUSHNELL: No. I think they were still going on when I left Costa Rica, but they had lost steam. Central American trade was still expanding although more slowly; most plans for new Central American industries never got far. The “soccer” war between El Salvador and Honduras in 1969, the year after I left Costa Rica, really set back the integration process and made most of the suggestions our committee had developed mute. In the mid-1970’s the work on integration picked up some steam, but worldwide commodity prices dropped, and each country began boosting tariffs willy-nilly, including tariffs which affected the neighboring countries. Of course, that was breaking the rules. Then another blow to Central American integration was the Sandinista takeover of Nicaragua in 1979. The integration effort has now been resurrected, and the three northern countries of Central America are acting much more as a common market. All Central American countries now have democratic governments. They are now starting to talk about moving toward one political identity. They also have now brought in Panama and to some extent the Dominican Republic and Belize.

A number of Central American projects have received strong international support, including the infrastructure to trade electricity back and forth. Some of these ideas seem promising. For example, with the effects on rainfall of the El Nino current in the Pacific the water supply for hydro power is unreliable, especially during a couple of consecutive dry years caused by El Nino in Honduras which has the most hydro potential. However, El Nino tends to dump more water on Costa Rica, and the thermal capacity of other countries could help Honduras during dry spells while Honduran cheap power, surplus most of the time, could keep costs down in the other countries. After a couple of decades of building, the road infrastructure connecting the five countries was pretty well completed by the time I left Central America. Central American integration prospects are better now than they were when I was there. Integration done right has the potential to make the Central American countries more outward looking, in exporting to the rest of the world as well as to each other.

*Q: What else do you recall about your Costa Rican experiences?*

BUSHNELL: We might touch on a couple of things. Our sixth wedding anniversary was one of the most eventful days in our lives and illustrates the variety of Foreign Service experiences.

*Q: What was the date of that?*

BUSHNELL: September 2, 1968. It was a Sunday, which is usually not a stressful day in the Foreign Service. As it happened, we were hosting the Country Director for Central America, who was doing a tour through the area.

*Q: Who was this?*

BUSHNELL: It was Dick Breen. He was an AID [Agency for International Development] officer. AID and State had been integrated. Although it was unusual for an AID officer to be the senior officer on a country desk, he was. Dick ran a very good office and gave as much attention to State Department as AID issues. At the time, I was also working for both State and AID. That was one reason why he stayed with us, although I also knew Dick Breen fairly well. It had been a terrible week for Dick, and for the whole Foreign Service.

Early that week, Breen's first stop on this trip was Guatemala where our Ambassador, Gordon Mein, gave a luncheon in Breen's honor. A number of Guatemalan officials were present. As Breen and the Ambassador were about to leave the Ambassadorial residence to ride back to the Embassy together, Mrs. Mein said she had some things to resolve with the Ambassador in connection with the dinner which they were giving that evening in Dick Breen's honor. Ambassador Mein asked if there were another car available. There was, and Dick returned to the Embassy in that car, while Ambassador Mein stayed a few minutes at the Residence. A few minutes later Ambassador Mein's car was ambushed on the way back to the Embassy, and the Ambassador was killed. Dick considered that episode a "near death experience" for him, not to mention that it was a terrible thing for all of us in the Foreign Service.

Dick canceled some other stops and then came straight to Costa Rica at the end of the week after handling the crisis in Guatemala. We scheduled almost every minute of his visit to keep Dick's mind off the murder of Ambassador Mein. On Sunday morning, even though it was our wedding anniversary, we got up very early to take a plane. My wife was coming, and the three of us were flying to the Guanacaste Peninsula of Costa Rica in the northwestern province of Costa Rica on the Pacific. We had sent a car and driver ahead to meet us at Nicoya airport. We planned to meet with some Peace Corps volunteers and to see some AID projects. Then we were going to visit the Arenal volcano which had erupted violently a few months earlier after nearly a thousand years of dormancy. We were scheduled to leave the San Jose downtown airport at 6:00 AM, so we were having breakfast at home at about 5:00 AM; it was still dark.

My wife, Ann, said to Dick Breen: "I think you've been married longer than we have. Tell me, does the Seven Year Itch begin at the beginning of the seventh year or at the end of the year?" This was our sixth wedding anniversary, the beginning of our seventh year. Dick didn't have any answer, particularly at 5:00 AM. However, when he returned to Washington at the end of this trip, Dick had a meeting with his entire State/AID staff to report on his trip and assign follow-up tasks. He said he had been asked several questions. He wanted people to work on them and give him their answers. After dealing with several business questions, he said that Mrs. Bushnell had asked him this question about the Seven Year Itch and he needed to get back to her with the official State/AID position. For the rest of that year various of my friends in Washington would ask me whether I had yet had the Seven Year Itch.

*Q: I would figure that you would be too busy to have the Seven Year Itch. [Laughter]*

BUSHNELL: I probably was. We flew to the Guanacaste Peninsula and drove to the house of a Peace Corp volunteer. We had notified him that we were coming. I guess we got to his house about 8:00 AM. We knocked on the door several times and got no answer. I went around to the back door but got no response. Then the front door opened, and the volunteer let us in, somewhat embarrassed. We had a limited chat. He didn't seem to be in a chatty mood. It was a brief visit, and we had the feeling he was not the only person in the house. We went out the front door and found the car had disappeared, along with my wife. Ann had chosen wisely to stay in the car rather than to come into the house with us.



There was some street vendor nearby whom I asked him where the car had gone. When we had gone into the house, Ann noticed the church bells were ringing and asked the driver if Mass was being said at that time. He said: "Yes. The church is only two blocks away." She thought she would sneak into Mass while Dick and I were talking to our Peace Corp friend. We walked to the church. Mass was soon over, and Ann went with us to visit some AID projects. Then we drove off the Guanacaste Peninsula and up into the mountains toward the Arenal volcano which was still erupting, albeit much milder than during the first weeks of this eruption.

For some years AID had been providing support for the Costa Rican Volcano Institute. Until recently we had even had a volcano expert from the US Geological Service working with the Costa Ricans. Thus some of the top Costa Rican experts were meeting us to show Dick Breen the area of the eruption. The Costa Rican Volcano Institute had lost several of its people who had been killed on the slopes of Arenal by the first eruption. There had been less than 75 people killed, but there was great damage to all the towns and farms in the vicinity, and the residents had had to leave. One question was how much aid we should contribute for the emergency and recovery efforts.

A small group of Costa Rican officials, including volcano experts, met us on the main road where one takes unpaved access roads and trails for the remaining 15-20 miles to the volcano. They had two jeeps. We got into the jeeps and went up an unpaved road toward the volcano. As we proceeded the road and the entire countryside was covered by a thicker and thicker layer of volcanic ash. It was raining, a light rain. Soon there were a couple of feet of volcanic ash along the side of the road. We came to a river, where we had to stop. Ann said she wasn't feeling well and would prefer not to take the bumpy ride up toward the summit of the volcano. We left one jeep with her and a driver. We forded the river and continued several miles up, where there had been a town. The volcanic ash was piled up literally over the roofs of some of the houses, although the top edges of the roofs were visible through the ash. As we approached the town, there were fence posts along the side of the road, but you couldn't even see them in most places. It became more and more questionable as to where the road really was, with the rain and all of the ash. A little farther on boulders had been thrown out of the volcano, and landed with tremendous explosions and made big holes, 20 or 30 feet across. The craters were basically in ash. The surface of the entire area was like the surface of the moon. There was nothing but these gray ashes, signs of debris, and occasionally the top of a tree, as well as the remains of a structure, but there wasn't much but ash punctuated by these craters.

We went as far as it was safe to go, probably further than was safe. We could hear new Arenal explosions, but we could not see further up the volcano because by this time it was raining hard. When we got back down to the river where we had left the other jeep after our couple hour adventure in this high altitude moonscape, we saw that the river, behind which Ann had stayed, had risen to three feet deep, and maybe more. It was filled with ash-laden water from the volcanic activity. The Costa Rican officials who were with us said: "It certainly had been a good idea to leave the other jeep on the other side. We could have been stuck on this side of the river for days until the rain stopped." They decided the jeep on the other side of the river could, in effect, pull us across. A local man on horseback brought a rope attached to the downhill jeep across to tie on to our jeep. We drove at a fairly good speed into the river. When we had traveled only a little way into the river, the jeep stalled and we were stuck. Then the rope, which was

attached to the other jeep, pulled us the remaining 20 or 25 meters, the rest of the way, across the river as the cold water came through the bottom of our jeep and nearly filled it up to window level.

This was one anniversary when it was good luck that Ann developed a headache from the bumpy road. We would have had to spend a very uncomfortable wet night if we had not left one jeep on the other side of the river. There were no buildings in sight and no shelter. I'm not even sure there was any food on the volcano side of the river. When we got back to our AID car, we assured the Costa Rican officials we would soon provide funds for relief work. We then proceeded to Puntarenas on the Pacific Ocean, stayed at a luxury hotel, had a martini, and looked out at a beautiful sunset into the Pacific Ocean -- the perfect end to an eventful sixth anniversary.

*Q: John,, in 1967 you received a Department of State's Meritorious Honor Award. Later, in 1968, you were the first recipient of the Rivkin award. Can you explain what was the significance of those and how you were chosen to receive them?*

BUSHNELL: I'm not sure. The Rivkin award for middle-grade officers and Harriman award for junior officers were created about 1967 to award initiative in the Foreign Service or what some people called dissent. Dissent did not necessarily mean opposition to policy. I always looked at it as meaning taking the initiative, getting a job done, and being aggressive about it, going beyond Washington's instructions rather than differing 180 degrees from official policy. Over the years the awards have gone to officers who provided leadership in constructive development of policy in changing circumstances more often than to those who tried to change policies by opposing them.

I didn't even know I had been nominated for the Rivkin award until Ambassador Boonstra called me to his office and gave me the amazing news that I had won. I thought that I had been doing fairly well in Costa Rica, but I had not expected anything like this. Boonstra said I should go to Washington two weeks later to receive the award at a large luncheon on the eighth floor. He said this was a great honor, which, of course, it was. I later learned that Ken Crockett, the DCM in San Jose in 1965-67, actually had a major part in my nomination. He had been the Country Director for Caribbean Affairs at the time I was in Santo Domingo. He said he was shocked when I was not promoted from FSO-5 to FSO-4 in 1966 on the basis of my work in the Dominican Republic. I think he drew on my earlier work before and during the crisis in the Dominican Republic as well as my work in San Jose as the justification for this award. Ken was a good drafter. He had gone on to be ambassador in Nicaragua by the time of the nomination.

I proceeded to Washington, where there was a nice award ceremony at a large eighth floor luncheon. Vice President Humphrey was the speaker. He had been Chairman of the selection committee for the Rivkin award, and he presented it. Because this was the first year for these awards and these were the first such awards for the Foreign Service, it was a particularly happy occasion. There was a monetary award which I think was \$1,000. That was worth a lot more then than it is now. I was delighted to receive the award. That was the first time I met Phil Habib. I believe he had also been on the selection committee. He was President of AFSA [American Foreign Service Association]. He called me in before the luncheon for a chat; I think mainly to tell me to keep my thank you short, but we had an interesting substantive discussion. He also

arranged for me to do several USIA broadcasts and have numerous picture takings and interviews, all to further the public image of the Foreign Service. I worked with him on numerous occasions later, and he always received me as an old friend. For example, soon after I joined the NSC staff I was on a study mission to Korea where Phil was Ambassador. Kissinger had me deliver an eyes only letter to Phil. This might have been awkward as I was one of the junior members of the group and the letter had not been seen by State, but I asked to see Phil as an old friend. He managed our visit so the others never knew.

As far as the Meritorious Service Award is concerned, it related to my work in Costa Rica. Perhaps it was in part because of my work with the US delegation to the Trejos inauguration in 1966. The delegation was headed by Lincoln Gordon, the Assistant Secretary for Latin America, and I was his control officer. He wanted to use this first high level contact with the new government to encourage improved economic policies, and I was able to suggest approaches to the various senior officials which might help reach the objective. The new Economics Minister invited Gordon and a few others to his farm for a Saturday night stay. Gordon and I shared the Minister's car for a couple hours in each direction. Participating with him in these meetings also got me off to a good relationship with the new government, although it was hard to explain to the AID director why I was there and he was not. Gordon had good things to say about my work in a letter he sent after his return to Washington.

*Q: Well, it's always helpful for a young, junior officer to receive special recognition for your work.*

BUSHNELL: Yes, for an officer newly promoted to class four I did have a lot of contact with senior officers in Washington. I found that, once I had mastered the facts of a situation, I could explain it to senior people and suggest how we might move forward. I did not have any particular policy preferences, except to try to make economic sense, and thus I tried to understand what US policy objectives were and see how to pursue them. Most officers at this stage of their careers have to concentrate on gathering information and reporting. I did some of that, but I was fortunate to have a series of jobs which were more operational and closely related to policy formulation.

*Q: As a place to live, obviously Costa Rica was a big improvement over the Dominican Republic.*

BUSHNELL: Yes. Costa Rica is a rather ideal place to live. It has a great climate and had no domestic tensions. It was probably the most laid back place in Latin America. It was a very enjoyable place to live. We had three young children while living there; one born there, and they all prospered in the Costa Rican climate. Costa Rica was not my most exciting assignment, but it was one of the more enjoyable.

*Q: When a place is not so good, you refer to it in terms of the ancient Chinese curse: "May your grandchildren live in interesting times." Your resume says that you left Costa Rica in 1968, but you went to Geneva in 1969. What happened in between there?*

BUSHNELL: I left Costa Rica in early November, 1968, and I arrived in Geneva in January, 1969. I just had home leave and consultations in Washington.

*Q: How did that assignment come about? It was quite a change for you from everything that you had done up to that point when you transferred into multilateral diplomacy. This was pushing a change rather far, so to speak.*

BUSHNELL: In 1968 State management was saying Foreign Service Officers shouldn't be too specialized in one area. I had already had four assignments working on Latin American affairs, including my time in Washington. State Personnel said I should either come back to Washington or go somewhere completely different. I chose different. One of the possibilities was going to South Korea under an arrangement between AID and the Embassy which would have been somewhat analogous to what I had been doing in Costa Rica. However, I wouldn't have been head of the Economic Section. That assignment was discussed with me, and I said it was fine. My priority was to stay overseas while our children were still in pre-school or the lower grades of elementary school with the idea they would benefit more from Washington area schools later. Then State objected to another detail to AID. Finally the Personnel wheels just ground and gave me the assignment to Geneva.

**RONALD F. VENEZIA**  
**Assistant Program Officer, USAID**  
**San José (1969-1971)**

**Mission Director, USAID**  
**San José (1990-1994)**

*Ronald F. Venezia was born in Tuxedo, New York on January 15, 1940. He received his BS in 1963 from Kent State University and his MPA from Harvard University in 1972. As part of USAID, he held positions in countries including Guatemala, Costa Rica, the Dominican Republic, and Honduras. Mr. Venezia was interviewed by W. Haven North on January 31, 1996.*

VENEZIA: So, I had to go to tell Deane Hinton, who had moved heaven and earth, because I was no population officer, to convince people that I could be a population officer. I had to go and tell him that I was no longer interested and I was going to go on to Costa Rica and he was not very happy. Matter of fact he was mad and felt that I had walked away from something he had committed himself to and then I was a little mad at myself. But I had said to myself, besides the marriage, I said to myself, "I'm not a doctor, I'll never be a doctor. If I get into the population field it's going to be dominated by medical people, so if I have any ambition in life there's no way that I'm ever going to be the head of AID's population office", so I think that, after some thought, it just didn't look like a career choice. So, I went off to Costa Rica to become an assistant program officer with a wife, three kids, two dogs, a maid and a piano and we all arrived in Costa Rica, and it was our first tour in Costa Rica, late '68 early '69. We were in Costa Rica 2 ½ years.

*Q: What was it like in Guatemala as compared to Costa Rica?*

VENEZIA: I always describe the difference this way. In Guatemala, if you wanted to get anything done, you had to go to a Guatemalan and convince him that it was a personal favor for you, in other words, you said - "look my job depends on my getting this done for my boss, can you get it done for me", and a Guatemalan could understand that, and he'd say "oh sure, gee Ron, you know, let me help you". I don't mean to be categoric about this, and it's hard always to categorize a whole people. It was terribly hard to find a Guatemalan who operated in the best interest of the state or was a public servant in the context that we understand. Whereas in Costa Rica you felt that people did things because they could understand the import it made to the general welfare and Costa Rica was, a smaller country, it was democratic, it had a history of openness, and after the revolution of '48 it abolished the army. Costa Ricans are relatively well educated. I'll always remember the time that Pepe Figueres, who was elected President for I think the third time. We were in a municipal training course, up in the mountains, and he was just elected president, he had not taken over, and he drove up to give a speech in his own little Volkswagen Beetle, all by himself, This was the elected president of the country. So it was a very, very different country than Guatemala where the President might be elected, but never drove his own car!

*Q: What were the main characteristics of Costa Rica that made it different from Guatemala?*

VENEZIA: One of the standard responses is you don't have the racial divisions in the country. The history of land ownership was not all that dramatic and Costa Rica has some large land owners but there is a sense of cooperation in the Country which stems from an attitude. Ostentation is not looked upon favorably, people matter of fact play down ostentation. There's this tendency for Costa Ricans to sense that they are part of larger good. Also I feel - now this is psychology 101 - that Guatemalans have a complex. Guatemalans have a terrible chip on their shoulder. You could never offer criticism of Guatemala without them taking it personally, no matter how you phrased it. There was this belief that they were the center of the universe, it was the Paris of Central America in the early colonial period, and they considered themselves much above their neighbors. Yet at the same time they had this racial mix in the country which still affected almost everybody. There were very few families who didn't have something in the wood pile out there and there is this complex. Whereas in Costa Rica you simply never ran into that complex, they genuinely liked Americans. I came to realize later on that you had to be careful of being taken advantage of as a foreigner in Costa Rica, but Costa Ricans generally don't have complexes. They're open, so if you have something to offer, or if you don't have anything to offer, it's fine, but they can focus on the issues and I think that most people attribute this to tremendous efforts made in the late 19th - early 20th century on education. There was an education revolution in terms of literacy, in terms of access to education and this has developed into today where Costa Rica has probably the best university system in Central America by far. Universities in Costa Rica today are foreign exchange earners. People come and study there, it's a big industry - a lot of private universities. I think education in Guatemala is still a very rare, rare commodity, or if it's not a rare commodity it's a commodity that's held by different segments of society in much different ways.

So I ended up in Costa Rica, I was the assistant program officer. Right after I arrived there the Mission Director Bob Black had been PNGed. Good guy, but he stuck his finger in the face of a

congressman and you just didn't do that in Costa Rica. A better way of describing it is, he lectured a Costa Rican congressman, or a couple of them, on PL 480. I've forgotten what the issue was, but they went after him and he was PNGed and he left and we were left there hanging and in came Larry Harrison. Larry Harrison was at that time AID's youngest director. He'd been in Costa Rica earlier as a program officer. Larry was a real firebrand. A very liberal firebrand and he had established a very strong link to the culture and Costa Ricans in an earlier tour. He hit the ground running and that was when we were going to phase out Costa Rica for the first time I'm aware of. That would be the late '60's. Costa Rica in 1969, either '69 or '70 or '68 or '69 whatever, had for two years running the highest per capita growth rate GNP in Latin America. This was in the neighborhood of 8 or 9 percent a year. It was a dream come true. Everything was moving along. Remember Walt Rostow? The take-off idea, it was all there. Larry came in and said it is time for us to leave and we should terminate what we're doing but we have to terminate in such a way as to give them a golden handshake. So he dedicated himself to designing a golden handshake in the agricultural sector. Besides agriculture, the rest of the program was pieces of this and that. There were quite a few things, other things going on, but Larry's real focus was in agriculture. So he decided that he would create an administrative unit in the mission, which picked up all these pieces and I helped on the design of that and it was called the office of institutional development and it included education, health, community development, family planning and training, and we were trying to recruit people and I suggested we recruit Don MacCorquodale from Guatemala, so we tried that, and Don wasn't interested and he tried a few other people and we couldn't get anybody.

Larry occupied an office with two doors and I walked out one door, one of which went to my office. I was having a conversation with him by his desk, and we were saying we need to get somebody to be chief, and I walked through the secretary's office, walked down the hall, to my office on the other side, and I walked in my office and I sat down. I said humph, got up and opened the door and I said, "What about me?" and he looked at me and he said humph, and I just closed the door. And a half hour later he came in and said, that was a good idea and he appointed me, my second tour of AID as Chief of the Institutional Development Division. Well that was an enormous opportunity for me and ...

*Q: What did that involve?*

VENEZIA: I inherited a population officer, an education officer, several contractors, and about 5 or 10 local hire. It wasn't an enormous thing but it was my jump into AID management and it was a challenge. It was also a little embarrassing since the education guy and the population guy were both considerably older than I. Larry simply wanted to move these activities off into something that he didn't have to worry about. Well, he should have known better, because I was certainly not going to sit around and watch the sun go down. I had developed an interest in legal reform. ROCAP had started in the early mid-'60's programs in Central America to create regional institutions and ROCAP was looking to promote Central American integration. To do that you have to have a common set of commercial law, you have to have commercial courts, you have to have a commercial code, you have to have a lot of things besides telecommunication and roads. And they had started a program in the University of Costa Rica Law School, which was a pretty good program, where they were putting together case law, for the first time in Central America, to create a case law book in commercial law. It was well advanced by the time I got there.

That in turn had led to the Dean of the Law School Carlos Jose Gutierrez saying, look this is pretty good, why don't we think about this the way we teach law in general. Carlos Jose, who eventually became Foreign Minister and Ambassador to Germany, was a real promoter of reform of the legal system and that eventually led into AID even working with the Supreme Court. So I all of a sudden had the makings of what was probably one of the earliest if not the earliest efforts in AID in what we now refer to as governance. I looked at that and became more and more interested in it and local government. I'd been looking at the whole question of what was government in a small country. The municipalities seemed to be doing things and the more I got involved in it the more interesting it became. Larry meanwhile was developing his golden handshake - an agricultural sector loan. It was one of the early versions of those sectors loans that AID came to use in the '70's and it had many pieces to it - it had a land titling piece, an agricultural extension piece, Ag credit, education - almost all of it was going to the government by the way. It was a lesson we learned later on not to do, but we were all living in the Alliance still. The Alliance said the private sector had failed in the social sectors, what was required was that governments move into the forefront, especially in the social sectors, and AID put its money into the social sector in the whole of Latin America, including Costa Rica.

*Q: In the social service sector?*

VENEZIA: In spite of earlier investments in the servicios, social services were still very weak. In the 1950's during Point 4 you had started out creating a semblance of structures to support investment in social services and eventually led into what was referred to as the servicios. The 1960s and 50s were characterized in Latin American by the creation of parallel organizations, very well funded, very well staffed, and very well led generally by Americans with programs in rural water, sewage, agricultural extension, agricultural research, education, etc. At the end of the 1960's, corresponding to the creation of AID, was the collapsing of these servicios into the line ministries. This collapsing was in effect just taking this service organization and moving it over and this was happening all over the hemisphere. The theory was, we are no longer going to do it ourselves, they have to do it. There has to be a Ministry of Agriculture that is going to become an active player. So an enormous amount of effort was put in to reorganizing and increasing expenditure in the social sector through the creation of a much larger role for the public sector in providing for the basic services of education, health, agriculture. By the early 70's, the Alliance was dying, Kennedy was gone. The war in Vietnam was beginning to heat up but we still lived the rhetoric of the Alliance of Progress. And so Larry was off creating this enormous public investment structure for agriculture and that was going to be our golden handshake. Now you can have perspective ...

*Q: Why was there a policy to phase out?*

VENEZIA: Because of the strength of the Costa Rican economy. In other words if you believe in the take off theory that was in effect there, that the plane goes along and it gets a certain amount of lift and then it takes off on its own and Costa Rica had two years sign of tremendous growth, and it had 90 % literacy, it had a social security system and people said why are we here, ...

*Q: There was no political rationale for the assistance?*

VENEZIA: Not particularly aimed at Costa Rica. There was no pressing global issue that was Costa Rica specific, except for an incident following the election of Pepe Figueres and it got Larry PNGed, this time by the Ambassador. It seemed to be a pattern of AID directors in Costa Rica getting PNGed, which was very much on my mind when I went down there in 1990, I can tell you. Larry was working on the creation on this major agricultural sector loan, which was for 20 million dollars, in those days a lot of money. Especially for a country of 2 million people, 2 1/2 million people. So he worked on that and he kind of left me alone. He just wanted this other stuff taken care of and not to cause any problems. Well, I was getting involved in these new sectors and I got involved in a municipal development initiative.

I said to myself, what's missing in Larry's piece is a people piece. In other words he had extension, he had land grants, there was some co-ops, but there was no connection back into the community. So I began to look into that aspect in terms of municipal development and in terms of community development and what I came in and offered Larry mid way through his process was an addendum to his program. It was the creation of a municipal bank, which was referred to as IFAM or Instituto de Fomento Municipal, and a program with the community development organization of the government. I understand IFAM is about to be abolished because it has failed to deliver on its promise to strengthen the municipalities. Nonetheless, it was one of the high points of my early career. It was a very small country and it was a personal country. One day I was visited by a Deputy from Guanacaste - Armando Arauz - who would become President Monje's veep - and he said, I understand you are interested in municipal development, lets talk. Well, over the next two hours on a black board in my office, we designed together a municipal bank. I arranged for some feasibility work and he went to congress and drafted a law, and implementing tax authority. He was very influential in the municipal movement and when the law passed I was sitting in the press gallery of the Congress and as amendments were being offered to the law, Armando would come out, very visibly discuss them with me, and go back in and it was quite clear it was going to be a Costa Rican and American effort, not so much Ron Venezia, but an AID and Costa Rican endeavor. Larry was just taken with that. My EER's glowed, and he said he'd never seen a performance like this before. He was simply taken aback with it and he came to me and he said you need to straighten out your education, you're badly educated. I said I agree with that and he said would you like to go back to school for a year, and I said I'm married, I have three kids, two dogs, a piano, a maid, he said no, AID has a program which would send you back to school and you get full pay. I said that sounds interesting. He nominated me for an academic year, with pay. Wonder of wonders, out of the blue, AID/W asked me would I like to go to a university for a year and get a graduate degree, and I said, well yes, and, since I worked in what was referred to in those days as Title 9, they said...

*Q: Political development?*

VENEZIA: political development...

*Q: Did the U.S. Government go along with...*

VENEZIA: Oh, yes, all part of the key. The idea was to attract as much foreign investment as is possible. Any question of Central America exporting outside Central America would have been



an extra benefit. It was not the object, the object was to create a strong internal market and service the Central American economies.

One of the interesting aspects of this which I had run into in Costa Rica earlier in my career, was a very innovative legal reform initiative: Bill Skidmore who was ROCAP regional lawyer for AID, made a correct and far sighted - and quite obvious observation - that if you're going to have a central market, a common market that was business oriented and made any sense, you had to have the legal framework. The legal framework was like a quilt, it was different in each country. So a contract signed in Guatemala wasn't quite enforceable in another country. So there were a whole series of problems. I believe I mentioned earlier in Costa Rica, in my earlier time that I had been exposed to a ROCAP project, in legal reform, and I believe it probably represented one of the earliest attempts to work in what is now referred to as governance. That was, with a ROCAP funded contract, with the law school at the University of Costa Rica for the creation of a case book, law textbook of Central American commercial law. Boris Kosalchek, now at the University of Arizona, law school, another visionary, came to Costa Rica, was a Cuban trained lawyer and he worked with a lawyer named Torejejo, maybe that's the name. A very prestigious Costa Rican commercial lawyer and they began to develop with ROCAP funding a series of cases for commercial law in Central America and that grew and it became the basis for a textbook which is currently used throughout Central America at the moment in all the law schools and that led in Costa Rica to a series of efforts which I supported strongly, on legal reform. It led Carlos Jose Gutierrez, the dean of the law school, to institute case study instruction as a way of replacing the then by rote method that was very common in those days and still very common in some places in Central America today where the professors would read from these faded yellow notes, then you simply took down notes if you came at all. But the whole idea was to use this as a wedge and Carlos Jose began to train various law professors in the new techniques. And then we used that as an example to go off into a legislative reference service which was at the Costa Rican assembly, and also at the supreme court where we were indexing supreme court decisions. Before in the country each lawyer had their own files of different cases. So, if you hired a lawyer he had his own particular cases that he would argue in the court of law, "Oh, you say you have this law, well I have this law which derogates your law," and it was a game of gotcha and nobody could go to any one place and find what the real law was. Even judges were confused.

Anyway when I left Costa Rica the first time I had strongly promoted this and I was taken with it. I came back to it later on in 1990 when I got back to Costa Rica. I went back to those roots. All this had its roots in this early ROCAP project, with strengthening the law school, with trained professors and creating case law, we had the supreme court project with a place called Equity Publishing in New Hampshire, we had the cadastre and legal work in municipalities, so it was one of the early attempts by AID to work strongly in the area of governance, and it started with ROCAP.

After I left however, it fell upon very hard times, there was a communist deputy in the Costa Rican assembly called Manuel Mora, a famous guy in Costa Rica, a dyed in the wool commie and he was in the congress and he stood up and he accused this whole thing as being a CIA plot. Not only did it blow up in AID's face, but Carlos Jose was thrown out as the dean of law school,

it was just a terrible thing and it killed that kind of effort in Costa Rica pretty much until I returned 20 years later, AID never went back to it at all.

But anyway back to ROCAP. ROCAP had started this very innovative thing but clearly by the end of the 1960's easy gains from integration had probably run their course. A lot of the easy targets were accomplished very quickly, there's no price to pay, until you have to decide to try to lower some of these benefits given to these industries. It clearly became almost impossible to do that, so the Central American common market started running out of steam. The regional growth rates, I think, began to taper off, there was an enormous growth in an interregional trade and some job growth, but it was clearly not enough and the region was going through more and more difficult times. Politically it was never stable, Guatemala remained unstable and went through varied various periods of political crises, Nicaragua under increasing pressure because of Somoza. Somoza ran into an earthquake that caused serious damage in Nicaragua. We had moved in with a lot of money and within a couple of years there were allegations that the money hadn't been used the way it was supposed to be. The countries were under a lot of pressure. I don't know enough about Honduras at the time but the region was becoming unstable. If you listened to the Cubanologists; Castro was increasing his influence in the area. A lot of people had been trained: some of the early work we'd done in Guatemala in training those Indian leaders had caused a lot of people to stand up and question the status quo, so the whole region was going into an unstable environment which, in spite of the common market, began to affect negatively foreign investments.

The funds began to drop off a little bit and job growth was difficult to maintain so when I got there in 1976, I'd have to say it was probably 15 years after the central common market had established itself and taken off, and it was generally considered to be moribund. Larry Harrison had arrived a year earlier. Larry had been spending the time in Washington, more or less in exile. He had been PNGed out of Costa Rica for going head to head with the ambassador. The ambassador's name was Walter Plaiser, I'll never forget the guy. I was a very young officer, bright eyed and bushy tailed and I was giving him a briefing and he fell asleep on me. He was an ex-congressman out of the Eisenhower administration. A one term congressman, raised a lot of money for the Republicans and had been rewarded, had been sent to Costa Rica. The moment he arrived was the moment that Pepe Figueres was elected to his third term as President to Costa Rica and Larry knew Pepe from his earlier time in Costa Rica as program officer. Larry was an unabashed Liberacionista. He was pretty much a liberal Democrat, though, his later Nicaragua experience turned him into a disillusioned democrat, but then he believed very strongly in the Alliance, the philosophy and the method of the Alliance and had worked very closely with Costa Rican friends in the Liberacion party which was in power when he was there.

When he came back he was coming back to home ground. Well, Plaiser, Ambassador Walter Plaiser was very much a mid western, older, very conservative Republican. You talk about oil and water, it was just destined not to work. The problem came when Pepe decided he was going to open up to the Soviet Union. He wanted to establish relationships with the Soviet Union. I was not in the hierarchy, and I'm going to guess that there are other people in this exercise that are being interviewed on Costa Rica that can give a far more coherent view on what happened. But from my perspective - which was division chief level but not in the policy making part of the embassy - the embassy just split down the middle, one of those rare occasions where different

elements took sides, and we ended up having, the first time I've ever heard of this, two program documents called the CASP in those days, which was the Country Assistance Strategy Paper. There were two of them. One which was supported by AID, the econ section and the mil group, which was a very small operation, the other one was supported by the ambassador, the CIA and I'm not sure, perhaps the DCM. Both papers went to Washington. It was the strangest thing you ever saw in your life. And one said, you know this is Costa Rica moving into the modern world. It's opening its relationships with whoever and it's part of a modernization process and it's certainly part of a graduation process. Well, Larry was convinced that Costa Rica was ready to graduate and, like I mentioned earlier, all the economic data was just glowing and it was quite clear that the Rostow theory was true and it was taking off, the wheels had just come off the ground and part of that was for them to look for their own place in the sun and if they had relationship with Russia then so be it. The other side thought that this was opening up, Costa Rica, indeed Central America, to Soviet infiltration. Big cold war stuff.

Well, Larry I think will have to stand or fall with his own thoughts on this issue but Larry was not a person to sit around and let events dictate things. He very much was interested in dictating events. Larry became very concerned and attempted to influence the outcome, in effect going around the Ambassador and back-channeling to Washington, and that took about probably a millisecond for anybody to figure out and things got pretty messy. There were allegations, and I suspect they were true, that Larry's phones were bugged by our own government. There was some question whether his house was bugged. He was clearly put under surveillance and I think probably caught with his hand in the cookie jar because he went to Washington for consultations. We were called into a meeting with Peter Krease, who was acting for Larry. Peter was acting for Larry when he was away, and he showed us a cable, drafted Walter Plaiser, approved Walter Plaiser. Mr. Lawrence Harrison is currently in Washington on a consultation. There is no reason for Mr. Harrison to return to post. I'm hereby appointing and my memory is a little shaky on this but I think he tried to appoint DCM as acting mission director or as mission director. Larry never came back to the country, stayed in Washington. So he ended up being the head of the program office and he was the one I later commuted to work with everyday.

*Q: Why would an AID mission director would get involved in this; there must be another dimension to this in a sense that it was a political decision about opening up relationship with the Soviet Union?*

ENEZIA: Well, Larry never saw himself as a purely developmental economist.

*Q: Right.*

ENEZIA: Larry had been in the Dominican Republic during the revolution. Larry knew most of the people in the State Department that were in the seats of power. Larry considered himself their peer. Larry did not see himself as a shrinking violet, so he felt very strongly, especially in terms of his own vision with regard to Central America and mostly Costa Rica, his own vision with Costa Rica. Trying to push Costa Rica back and I'm speculating now into the banana republic context within his vision of their graduating seemed to make no sense, so Larry was and is strong willed and not afraid to express his opinion and not afraid to engage in a fight. So he leaped into this fray and lost. Big time.

So he went to Washington. Later, we had a good relationship there in Washington, we would cross swords occasionally there. I remember coming back from a long trip to the Caribbean Development Bank. I guess it was the loan for recapitalization. I talked about this earlier. It was pretty much for general infrastructure work throughout the Caribbean. And Larry simply said to me in the car, " Look, I don't think we're going to do that. There's just not enough people there, you divide the number of people on these islands and 10 million dollars you get so much per capita, you know, its outrageous," and he put up a very strong fight. We disagreed professionally not personally. He was not afraid to engage. If he felt strong enough about something, he would engage. He won some, he lost some. This one he lost, the one on Costa Rica anyway. He ended up in Washington and the ROCAP mission director position came open and one of those strange things is that the ROCAP Mission Director in the hierarchy of US positions did not require White House approval, which given his history would have been difficult to obtain with his background under Nixon.

*Q: Yeah, or Ford.*

VENEZIA: Nixon, Ford

*Q: Right.*

VENEZIA: So when I went down, Larry had been there at least six months, maybe longer and Larry never felt comfortable unless he could do something big. It was always fun to see Larry operate as in Costa Rica where he was going to put together the golden handshake, 20 million dollar agricultural sector law. My loan for municipal development came afterward. Though it was considered part of it, it was actually the last loan, but it was part of that golden handshake package. So Larry's whole approach to Costa Rica was he was going to organize, mobilize these few resources and send Costa Rica off into the future. Well, ROCAP at the time was moribund and Larry took the same tack. He said look, a lot of work's been done on the infrastructure, a lot of work's been going on in industry, a lot of work has been going on in some of the social sectors. The one remaining barrier is helping trade and grain is the big issue and in a funny way it still is, most of them produce grain. So Larry carved out a major policy area of grain stabilization and put together a major proposal. By the way he did the same thing in Haiti late on, but in this case he put together a proposal for the Central Americans to cooperate on trade in grain. And he in effect said, Larry's an all or nothing guy, it's either this or something like this or some major progress in this area or we should close the place down. Well, it was very difficult going, there was very little cooperation anyway, and no one was prepared for a major initiative.

We were talking about 50 million dollars, which was a lot of money in those days, but it was an interesting amount, but not enough bait for the Central Americans. So he spent about a year or two and it was quite obvious that we weren't going anywhere.

Meanwhile, I was working on the Central American portfolio, which was with the Central American Bank, we had an active portfolio with LAAD which was the Latin American Agricultural Development Corporation, which I'd worked with also in the Caribbean, and they had an active program in the region. We had an almost disbursed program for the Harvard Grad

School INCAE in Nicaragua. We had an interesting loan portfolio that I was working with and servicing and I was also working with several of the other people in the mission on projects, so I was happy doing what I felt I always wanted to do. So I felt that we were doing some interesting things besides all this effort to increase trade in grain.

Well, Larry came to the conclusion that this wasn't going to work. So he decided we were going to close ROCAP. Surprisingly enough, some of us disagreed. We didn't exactly write a proposal against that, but it was not something we all actively supported, and in effect Larry eventually accused me of not supporting him, not being loyal. But Larry put that proposal on the table and then went to Haiti. The Haiti mission job opened up, he was asked to go to Haiti, so he left and a different guy came in called Harry Ackerman who was a political guy with some AID experience, and the deputy was Barry Sidman who went off to Nicaragua, he became the AID mission director of Nicaragua just as that place began to go down in flames. So I ended up as capital loan officer cum acting deputy director of ROCAP. It was one of those being there things. Harry Ackerman, who was a delightful guy who kind of ended up in ROCAP because they weren't going to appoint him anywhere else, decided he would try to promote or continue Larry's dream which wasn't going anywhere. We had a couple of grant programs that we also decided to pursue, but Harry had a terrible back problem, and he became more and more sick, staying at home, he'd have to lie on a cement floor, terrible pain. So I ended up going to work every morning where it was me and Bob Hechtman and Don Fiester. We'd get together and say, "What are we going to do this morning?" Somebody had to run the place, so I ended up being put in charge. I was the acting deputy and I'm not a shrinking violet either, so I began to put my own stamp on things and which didn't make Harry very happy when he would come back in eventually and discover what we had done. But we eventually put together a small program which required approval by Washington and if they approved it they would have to continue ROCAP and they did. Probably one of the more evil things I did in my life. But in those days, it was hard to have a long term vision and I always felt that I was committed to Central America and I said to myself if we leave it's dead. Budget requirements in those days were not such that we had to make terrible trade-offs. Today you wouldn't stand a chance but in those days we got away with it.

*Q: What was this program you put together?*

VENEZIA: Oh, I think mostly it was CATIE. I worked the CATIE one and the one on ICAETI and there were several small grant programs, plus the loan portfolio which was disbursing.

*Q: These are all regional projects?*

VENEZIA: Regional projects. Meant to try to work with the other CA missions and I can't tell you whether they did any good or not.

*Q: Did the other missions in the countries go along with it?*

VENEZIA: We had meetings every six months as I recall. There was a formal consultative group that got together. Barry Sidman who knew ROCAP, would attend and said quite clearly that he thought the ROCAP game was up. But the other Directors felt that as long as we weren't going to compete for the same resources, what the hell; it was quite clear that if we lost our resources, they weren't necessarily going to get them. As long as there was a resource transfer of some sort

they were prepared to ahead with it and no one wanted to shake the tree any as I recall so this went on.

All of the sudden, from one day to the next, I got an offer to go to as deputy director to the mission in Santo Domingo and I could never figure out where it came from, I still can't in many ways. Harry Ackerman had been very kind to me in terms of EERs, and he spoke well of me to Lalo Valdez who was at that time AA for LA. Lalo was another political guy and Harry and he understood each other. I always say I could never fault Lalo's choice of executive talent. I thought he had a very perceptive appreciation of executive talent. (laughter) But he plucked me out of ROCAP and sent me to the Dominican Republic as deputy director.

*Q: Before we go to there, what is your summary view of regional economic integration? That issue has been tossed back and forth and it can be quite controversial. What do you conclude about the potential or the lack of potential because it's still an issue in many parts of the world and Central America was considered at one time a sort of model for the ...*

VENEZIA: Well, I don't think I have anything original to offer. The conventional wisdom is that maybe it benefits at a certain stage, cooperation certainly on an infrastructure basis and certainly on an institutional basis with regard, let's say, to clearing houses for currencies. But it was the creation of the exterior tariff law which created all the industrial inefficiency and it became corrupt. It became a situation where you could never take those away, so there may be a period of time, there might be circumstances where this makes sense for 5 years but you should always do it under a sunset law which was ironclad that could not be changed. I don't know, even then I would worry about it, that it had to go away. Once you put that into effect, it's almost impossible to take it away and the small gains that you have in an interregional trade are hard to justify in the context of the inefficiencies that you can create. I made a speech in Costa Rica later on when I got back there, that said in effect I could buy a shirt in Miami made in Costa Rica, cheaper than in Costa Rica. Well, something's wrong there.

*Q: Right.*

VENEZIA: So you know if your emphasis is more balanced in terms of not only jobs, but of consumers it's a little hard to justify what we did. But I think in the context of modernization of the infrastructure and the modernization of the institutions, it certainly provided them with a more open world view of things, maybe creating a stepping stone to an open market. But it just proved not to be sustainable.

*Q: Were there any industries that did do well despite the protection?*

VENEZIA: The problem is that it became, how can I put it, it became property of one country or another. In other words, Guatemala got the tire plant. When Costa Rica wanted to put a tire plant in, it ran into the fact that Guatemala said, "Wait a minute, we've got a tire plant." It didn't matter that the tire plant in Guatemala maybe was old fashioned. I think at this point the lessons are that it's a very expensive stage. If you can, and let's see what happens ten years from now, twenty years from now, but if you can move towards open markets faster without going through this intermediate stage you're much better off.

The whole question is integrating yourself into the world market. Now you have what's going on is an open market that's being created in a regional sense, but they're not exclusive. In other words, by contrast, in Bolivia for example. Bolivia is actively engaged in a negotiation with the Andean pact. It has a bilateral relationship with Chile, and I believe Mercosur, which is another grouping of trade partners and it's engaged in a peripheral way with the United States. In that sense Bolivia is negotiating with a host of potential partners on trade. It's not locked in one death embrace with three or four other people for the millennium and I think that's more healthy. It gives a country many more options. Then there's the question of whether you look for balanced growth and clearly I think in Central America we are concerned that growth be more balanced. That one country not move ahead of the other or certainly in a place like Honduras, maybe you need a more accelerated growth so to keep up or catch up with it's neighbors. All those things were discussed very strongly but I think in a sense a closed small market is a flawed instrument with limited short term impact which probably has higher cost, longer term costs, that eventually come home. So I would not advocate that. I am now an advocate of an open society, open economies.

*Q: Well on the institutional side and the infrastructure side are there continuing benefits from the region in terms of cooperation and communication?*

VENEZIA: You've got to have some sort of ability to allow people to move back and forth, and a small regional market should allow that. Although the labor markets in Central America are still somewhat restricted, but the heavy flow of refugees in the 80's broke down many barriers. Today there is a freer market of labor and goods than before and they have roads and communications.

*Q: Right.*

VENEZIA: And they are becoming more competitive. That's the issue. The issue is that they have to be put together in a way that their costs are competitive. If they're not then you're going to lose out.

*Q: Good. Well, anything more on ROCAP?*

VENEZIA: Well, not really, I think it's still there.

*Q: Despite all the efforts to try to close it, it continues.*

VENEZIA: There have been more efforts to close it and I guess I don't have an opinion on it anymore. I'm a little far away from it. When I went to Costa Rica the second time I looked at the regional programs from the perspective of being in Costa Rica and I was not impressed. I did not see many of those programs that I thought would stand the test of heavy scrutiny. There was one called RENARM which had a lot of money for natural resources. Maybe I'm a bad judge because they claim a lot of the work is being done in Costa Rica. It was hard for me to find it, but there are a lot of technicians running around and it was a vehicle for support of CATIE. CATIE was an organization put together on the basis of an old research station down in Turrialba, Costa Rica

*Q: CATIE stands for?*

VENEZIA: Centro Agrícola Técnico de Investigación y Enseñanza, maybe that's right. CATIE, anyway, it was put together as an Central American institution and put under the aegis of IICA, and eventually spun itself off as a separate institution from IICA but never had a source of financing established. So we ended up using AID projects as a way of saving the institution, allowing it to train at the graduate level. It still exists. One of the things I did when I was in Costa Rica was to design a foundation arrangement for the local currency that was set aside for CATIE. I worked with CATIE, with the new leadership in CATIE, because the old leadership was bankrupt, it was out of ideas. The new group of people came in and we worked and established or formalized the support they were getting under a local currency arrangement into a foundation, with a board of directors and they bought it and we worked on the design and it was put in place and now they have at least a source of income.

*Q: Were they endowed, did they...?*

VENEZIA: Well, an endowment of Costa Rican local currency which provides them some part of their costs.

*Q: I see.*

VENEZIA: Before they had nothing. They had the AID projects and it was not sustainable. ...

*Q: And the countries weren't supporting it?*

VENEZIA: Very little, if any. So these ROCAP projects were really a vehicle to keep CATIE alive, at least the agricultural and environmental part and they may have done a limited good. The institution is not bad. It's done a lot of education for agriculture, so ...

*Q: Well, we'll come back to that maybe later. Then you moved on from here from the ROCAP to...*

VENEZIA: Santo Domingo

*Q: What year was this?*

VENEZIA: 1990. The first circle closed and I went back to Guatemala and then the second circle closed now and I was going back to Costa Rica.

*Q: How long were you in the Contra operation?*

VENEZIA: One year.

*Q: Just one year?*



VENEZIA: It was an exciting year. It really seemed like ten years. I learned a lot. I learned a lot from A to Z. The Don Enos episode was seared into my hide. I learned a lot about how to manage a large organization. It was just one of those great learning experiences.

My San Jose experience was a three and a half year exercise and I just had a marvelous time. I arrived in San Jose a much different person then when I had left. But to my surprise, most of the people that I had worked with 20 years before were still around. Costa Rica is a funny place, the leadership hardly seemed to have changed at all, they had just moved up one notch. I arrived knowing a lot of people, the same people who were still doing things. The AID mission when I left we were downtown in a little rented room across from the Embassy and I came back to a ten million dollar state-of-the-art complex with a motor pool of about 30 cars. I was astonished.

*Q: This was just the AID Mission?*

VENEZIA: Yes, just the AID Mission. The AID Mission was built to Embassy standards. It was local currency. I won't get into the whole local side of the currency business about why it was the way it was because I'm sure it's being covered by other people. There was the equivalent of about a half a billion dollars of local currency still in the control of the AID Director, plus when I got there, there was an ESF program for 90 million dollars. I signed an ESF Program the following year for 25 or 40 million dollars. There was still big money flowing into the country, it went down very quickly but at this time there was still an enormous amount of money flowing into the country. There was about 250 or 300 people in the mission, including local employees.

*Q: I think you mentioned this before but maybe you could review it again, why was this such an extraordinarily large scale operation for a relatively small country?*

VENEZIA: Well when Larry Harrison had arrived in Costa Rica, remember Larry was going to do the "golden handshake", I think I described that earlier.

*Q: Yes, I remember you talked about that.*

VENEZIA: Larry was going to make the last loan to Costa Rica, the "golden parachute" and we were going to say goodbye. Well he did and the program then began to dwindle. I visited on occasion from Guatemala in 1976 to 1979 when it was getting ready to close. The Mission, in fact, had moved into the Embassy; it was a small upstairs room that was the old Consulate that had about eight or ten offices in it and that was the AID Mission. They were cleaning things up. Dan Chaij had been sent in as mission director to do some things and he was sitting there when the roof fell in when the Sandinistas took over Nicaragua. The Reagan Administration decided that they were going to make a stand in Central America. Costa Rica became the equivalent of a front line state. The Carazo Government which ended in 1980 had openly sponsored the Sandinistas from the Costa Rican side of the border and in effect turned Guanacaste province, which is up on the border, into an aircraft carrier. The equivalent of what we did in Honduras. They had closed off the area and turned it over to the Sandinistas who were using the Liberia airport for setting up air drops and setting up air support and were using it as a safe haven to come back and forth to escape the Sandinista government troops. The accusation is that many of

the Carazo Government were deeply engaged in arms trafficking and making personal fortunes out of that.

*Q: Was there another entity, the Cubans or Russians?*

VENEZIA: I don't know enough about that side of it, I presume the Cubans were involved because they were strongly supporting the Sandinistas. Although that supposedly increased as their chances to win became greater, the Cubans became more and more involved. The Costa Ricans were more than aiding and abetting, they were rooting for the Sandinistas.

Carazo who considered himself, and still today considers himself an economist, was his own economist, which was the wrong thing to happen, and unfortunately he made every single wrong economic decision that was possible. I could tell you a lot of stories that I heard when I got there. In effect he committed suicide. The country experienced a massive devaluation within one month. The Colon which had been more or less fighting inflation (it was an artificial level anyway but it was manageable) it was about eight and a half to the dollar and within a month shot to 55, if you can imagine that. The Costa Ricans who were used to a standard of living far better than their Central American colleagues, found themselves within a month facing circumstances where their money wouldn't buy anything. It was a seven or eight fold devaluation. So simply put, the country went bankrupt. It defaulted on its foreign debt and it just came apart. Monje came in and replaced Carazo and he was someone that we could do business with and he obviously did not like the Sandinistas, or at least he understood them.

I've got a story that I heard from a good friend of mine who was Minister of Economy under Carazo. When the Sandinistas came in, Costa Rica gave foreign aid to Nicaragua. The Costa Rica Central Bank bought ten million dollars worth of Nicaraguan currency. In other words they gave Nicaragua ten million dollars and took their currency in return, they never got it back. Claudio Gonzales, as sitting Minister of Economy, talked about going up to Nicaragua and sitting in one of the Commandant's offices, probably his counterpart and having a meeting with a guy who had a gun on the table that was aimed at him. And being at a cocktail party and the Sandinistas saying something to the effect of that the Costa Ricans have done so much for them that they really felt Nicaragua owed them something, so they were going to do something for them. Nicaragua would export the revolution to Costa Rica. This was the mentality; Sandinistas were kind of crazy. They did almost anything that they could to commit suicide over a ten year period and take their country with them.

So the realization began to dawn on the Costa Ricans that they had invited somebody "home to dinner" that was somebody that they really couldn't live with. So Monje and the Reagan Administration (I wasn't there but this is what I understand) agreed that they had to save the country, they had to resolve the economic crisis which was serious and devastating to the only Central American democracy and at that time, one of few democracy's in the hemisphere in 1979. So a deal was a deal and we decided to put some money in, and boy did it come. By 1982, they were up to about 200 million dollars a year. In 1982, 1983, or 1984, I'm not sure of the date, Costa Rica was the second highest per capita recipient of foreign assistance in the world after Israel, that's the point that it got to. The money just came in and there wasn't a loan among it. There were a couple of loans to set up some banks, but mostly it was just grants. This generated

the local currency. There were some projects, there was a loan for a bank and a couple of other things, but it was mostly for balance of payments.

*Q: Was there commodity aid or just cash transfers?*

VENEZIA: Cash transfers. Commodity imports would not have worked. So there we were, pumping this money in. There was a time when I was told that we controlled 25% of the money supply to the country. This had never happened before in this magnitude of aid, so there was absolutely no guidance available anywhere on what to do with this money. Dan is a very clever guy, he's also very smart and he's also got some good developmental instincts. It turned out that he and Monje were just soul mates. So he began to have lunch alone with Monje once a week and the two of them alone would sit there and cut deals. I'm sure that Dan was keeping the Ambassador informed, in his own way, but Dan became a figure in Costa Rica over the years. There is hardly an aspect of Costa Rican life today that has not been touched in some way by the AID program of 1980 and early 1990's.

*Q: Mostly local currency?*

VENEZIA: Yes, clearly. On the macroeconomic side in terms of the Brady Plan and restoring the Costa Ricans' credit rating around the world, getting the other donors back into the game, which they did, and of course our money facilitated. Just the whole question of breaking inflation and bringing some normalcy back to the economy did affect clearly, everybody in the country. From privatization, unraveling an enormous web of state industries under a holding company called CODESA which was a major operation, to the introduction of methods and programs and money for the development of nontraditional exports. Costa Rica in the late 1980's was growing in nontraditional exports at the rate of 30% to 35% a year.

*Q: But the expenditures of such massive amounts of local currency, was this through a budget mechanism?*

VENEZIA: The deal was between Dan and Monje and I presume that the Central Bank under Eduardo Lizano was made aware of this issue. The decision was made that they had to keep it out of the budget. In another words if it went into the budget then it had to be processed through the legislative assembly and God knows what would happen when it hit. These enormous sums of money going through the Congress. So the deal that was struck was that the Costa Ricans said, "It's not our money, it's your money." Your money meaning the U.S. Government. "You brought this money in, you bought these Colones so it's your money." It was kept inside the Central Bank and programmed through the Central Bank mechanism. So it never went in through the budget. That existed the day I got there and it exists today. It's still not part of the budget. It was our money, so we got interest on it. I guess there have been a couple of cases before where AID has not collected interest and it had been criticized so Dan said we'll get interest on this. Interest rates were very high because of the inflation. All of a sudden we began to capitalize this money, it got to a point where when Arias came in, in 1986 he pointed out to whoever came down that fully 25% of his public sector debt was paying interest on the bonds to AID. An easy way to solve this fiscal problem was to cut that out, so there was a deal struck. Some money would be monetized, some would be pushed off and the new money coming in would not gain interest.

*Q: Was the IMF involved in this at all?*

VENEZIA: I'm sure the IMF was involved in discussions. And the Brady Plan was signed in 1988, and the IMF was deeply involved in that. The U.S. Government was clearly in the saddle. The IMF was involved but we were the IMF. Just like we were in Israel.

*Q: Wasn't there a concern that, that much extra budgetary money could generate an inflationary problem again?*

VENEZIA: Well, depending on how it was spent. A lot of the money went into bonds and the bonds were then placed as leverage in various things. The Earth School for example was created with a grant from ROCAP. Are you going to interview Dan?

*Q: We're going to try to.*

VENEZIA: Dan will give you a much better view of this than I can. What I saw when I got there was that Dan had apparently done was cut a deal. CATIE was sitting out there in Turrialba and didn't have any money. ROCAP worked with CATIE, they were the clients. ROCAP was running out of money for CATIE, so Dan said something along the lines of "Look, I'll cut a deal where you do a dollar grant to build the EARTH school in Costa Rica and I'll arrange a Costa Rican bond fund for CATIE". It was a clear trade-off and it worked. Meanwhile a certain sum of money which today is currently worth about 90 million dollars was set aside to create a trust fund for EARTH. The idea was that the grant would build the school and run it for five years, pay all of the bills and let this trust fund build and when the grant ended the trust fund would kick in. Which is exactly what has happened over the last year and a half or two years.

*Q: These were Costa Rican bonds?*

VENEZIA: Costa Rican bonds sitting in the Central Bank. There was an other trust fund set up for FINTRA, which was a very innovative thing. It was a private corporation and it would buy a State bankrupt organization, transform it, sell it, or close it. It did this company by company. I think Dan designed that, very brilliant and it worked. There were trust funds for something that was called the Omar Dengo Foundation which was to put computers in all of the schools, which has its trust fund today. There must be 10 or 20 of these funds around. In effect, a lot of the money was sterilized inside the Central Bank, but in the form of bonds. When I got there I was astonished, you can imagine. I was just agape at what I saw. From what I left and what I came back to see. I had the perspective that said this is crazy, so when I got off of the plane, the first question I was asked by the press was "Are aid levels to Costa Rica going down?" All of a sudden I again encountered this entitlement mentality and I said "Absolutely not." and they said "What do you mean?" and I said "They're returning to normal." [laughter] And that ended the conversation.

In effect, I was saying that when I last left this country you were going to close and you've had this crazy blip of resources but that's not normal. We've been with you for 45 years and if you look at the history of things, there's this crazy blip here which is not the normal part of our

program, well we're going back to normal. That was the first thing that I coined in Costa Rica, back to normal. That got us over the hump. My strategy for Costa Rica was simple, I realized that we were going to go back to something much, much less than where we were and I said "There has to be a soft landing here." The effect that we were having on the country, we were engaged in everything. The AID program had funded all kinds of things. I went out to see the Opus Dei dormitory for the National University that was financed and it was a magnificent dormitory. The trust funds were running the AID mission. We had an OE (Operating Expense fund) of about four million dollars a year of which we were getting maybe one million from AID; the rest was coming from the interest in our trust funds from the Central Bank.

The program mentality had been shaped by events that people lived with and I guess the outer edge of that mentality was, from what I was told, a 'safety expense'. I said "What's that?" and they said that the AID mission was about five blocks away from the American Embassy and to get there you had to down an avenue and you had to cross a major boulevard and it was a dangerous intersection. The boulevard was four lanes with a median and it was a little difficult to get through that intersection. So they went to the municipality and they said "Can you please put a traffic signal here?" and they said "We don't have any money." So AID went out and bought a traffic signal array that would grace an intersection in Virginia and installed it and paid for it. The rationale was that this was to ensure the safety of our driver's that were driving back and forth to the American Embassy. I'm sure it made sense when they did it and I'm sure that it saved somebody's life, but that's the extent to which we were spending money in that country. It was all audited, they tried to do a hatchet job on Dan. The RIG (Regional Inspector General) had gone in with four or five auditors and spent a month in the Mission, because they were out to get Dan. They eventually got him. They got him on a couple of technicalities. He had a painting hanging in his house that he had not registered as taking it as a gift and they nailed him on a couple of scholarships given to people that were clearly influential families. They produced an enormous report several inches thick, which I read. But they didn't get him on anything else, everything else was documented. What eventually got Dan was a little bit of hubris, it would have been astonishing if it hadn't affected him. Having lunch with the President once a week, he was being touted by MacPherson, he was the darling of the Reagan White house. It must have been an enormous rush. Dan was an elder in the Seventh Day Adventist and one of the grants went to that church as a PVO. It was something he should have recused himself on and didn't. Dan will have his own version of this and you can ask him.

*Q: Was there some indication that there were those who were out to get him?*

VENEZIA: Oh yes. It was quite clear that, I'm not sure how I would put this, but the Democratic Congress was certainly not in agreement with what was going on in Costa Rica with regard to the Contra operation and supporting the country. Reagan was unhappy with Arias' opposition to the Sandinista operation and the Contras. But the Democratic Congress did want to support Arias. When Arias came in he found Dan Chaij, Dan was sitting there controlling 25% of his money supply. Had Dan run for President against Arias I guess one side of betting would have said that he would have won. Arias kind of said "Look this guy's a problem." I think Arias had his own attitude and regarded him as a "Reaganite." These are all assumptions on my part, but he and Arias had trouble maybe from the beginning, I'm sure Dan will be able to give a better view of this. That was communicated back to Washington enough, that the RIG came in. There were

allegations made so the RIG came in and there was enough money over there that they figured that it was like the old pony story "There's enough horseshit here, there must be a pony somewhere." They looked and looked and looked and delved and delved and everything they came up with was knocked down because it was all documented. They finally got him on these minor items, what were really questions of judgement and a couple of questions of direct relationship where he had taken an action. A couple of the scholarships were actually repaid. The daughter of one of the leading industrialists in the country went to graduate school on a scholarship and when he was accused he came in and he wrote a check for \$50,000 and reimbursed AID for the scholarship.

*Q: I saw somewhere in another Oral History, an Ambassador who apparently was there and he seemed to come to his defense in saying that this was not fair. I don't remember who it was.*

VENEZIA: It may have been McNeal or maybe Tams. Well, it doesn't matter. Depending on what you were doing, on what you saw depended on where you sat, and the RIG sat in a place where they said "We're going to get this guy." and they never did. But they eventually got him on these questions of judgement and Dan fought it tooth and nail. Dan is a very tenacious guy. He fought them to a draw on a letter of reprimand. I think that was what went into his file and then he retired. The RIG spent a lot of money trying to find something and they couldn't do it.

*Q: Then you took over?*

VENEZIA: No, Carl did. Carl Leonard never met a word he liked, so he doesn't say much. [laughter]. Carl, if given his choice will say nothing, literally nothing. He's a bright guy but a keep it quiet kind of guy. He came in after the Dan Chaij parade and ran things, quietly with Doug Tinsler as his Deputy. Then he moved on to Bolivia. Well, Carl was known in the country, I think he was respected and the people that knew him liked him, but he kept an extraordinary low profile. Which probably made sense.

Well, I hit the country with a bang. I gave a press conference and it was handled by USIS and it was in the USIS Director's house and I was interviewed by the magazine Rumbo, which was their version of Time magazine. Then I decided to give a speech, we had an economic forum and we were doing a lot of macroeconomic stuff, so we were working with academia, we were publishing a lot of economic stuff and it was a major economic conference. They said "Would you like to say something?" and I said "Yes." I had already done my bit about going back to normal which had stunned them. I had given several press conferences where I had said we have to bring this thing back to normal and I was getting to be known and people knew me from before.

In thinking about giving the speech I began to work with Ginger Waddel who was the Assistant Program Officer and I began to give her some ideas and it was a retrospective. Twenty years ago I was here and now I come back to find this. I had discovered free market economics and this is where my exposure in the Asia/Near East Bureau really came home. I had seen the Indonesian experience, I had seen the Thai experience, I had been working with Ed Harrell on reviving the private sector in the west bank. I had become enamored of the whole open market approach to development. I began to work on a theme saying that Costa Rica needed to think about it, and do

much more than it had been doing. I crafted a speech, I was the last person on the agenda and there were about 150 people in the room, and everyone kind of expected a kind of glad to be here kind of thing and I gave a highly critical speech of Costa Rica's missing out on what was the biggest opportunity they were ever going to get in a long while. It was a critical speech, respectful but critical. The room went silent. People were sitting there. This was the country's leading economists, head of Central Bank and that kind of stuff. I finished the speech and there was long sustained applause. The speech became a cause celeb. There was an editorial two days later that quoted the speech and used it as a bandera, and Rumbo then came out with a big article on me. Calling me a "diplomat who speaks his mind."

*Q: Had this been cleared with Embassy before you gave it?*

VENEZIA: Yes, the speech had been cleared with the Embassy. They didn't realize that it was going to hit with such a bang. It reverberated.

*Q: Do you have a copy of this speech? It would be nice to attach it to this report.*

VENEZIA: I'll look around for it. I think it's in my scrapbook. In any event, it was reproduced in the Country's leading economic monthly journal. I started a scrapbook when I started appearing on the front page and the Embassy didn't know what to do with me. There wasn't an Ambassador. There was a DCM, Bob Homme and they didn't quite know what to do with the rambunctious AID Mission Director who was appearing on the front pages of La Nation and making speeches and appearing in editorials and basically speaking my mind. I told them what was on my mind. I was very respectful because I liked them, not like the Ambassador that I worked for in Honduras who kept calling Hondurans monkeys. I like Costa Ricans and I liked the country and I felt that they could be better than they were doing. So I decided to tell them. The Costa Ricans were enamored with that, they thought that was kind of fun. We had an enormous dialogue for about a year and a half. I still had a lot of money and I felt that I had a cause. There were several causes that I had. One was to give them a "wake up call" and another was to do what I called the "soft landing". I developed the concept of the soft landing in that we had taken off in 1980 and had soared and we were heading down very fast.

*Q: You're talking about the AID Program?*

VENEZIA: The AID Program and AID money. I said "Think of it as an airplane, (a landing of an airplane which is what we had to do with this thing, we had to bring it in for some kind of landing), a landing is really a controlled crash. If you take your hands off of the wheel the plane crashes, so you have to bring the plane in, you control it." I decided on this concept of the soft landing, which meant that we had to manage this thing down and then I thought of the next concept which was the "passing of the baton" and these were things that actually showed up in our program documents to Washington. They were my concepts of what we had to do with the program and what guided me. The passing of the baton meant that the last ESF agreement that we were going to sign, had to be signed in such a way that we could pass it along. We had this marvelous policy dialogue going on and we were accomplishing things but I felt that if we just stopped the Costa Ricans might just walk away. So we had to pass off the baton to the IDB and the World Bank. We began to work very closely on an shared agenda and shared policy and the

last ESF agreement that I signed I said "This is it." If we got something the next year it would be 25 million and it was clearly the last time we were going to be a major player at the table. So I did several things. I decided that we would switch from covenants to conditions which had been a real tradition in the country. The covenants had been honored in the breach, and I was confronted with a real choice when I got to Costa Rica.

There had been a major push on the private sector and the creation of FUNDEX which was another of these trusts by the way, but this was to create an export promotion fund. They endowed it with an enormous amount of money to begin with, 30 or 40 million dollars of local currency, (I'm not sure about that figure) but the idea was that the next year's ESF would do the same thing. I got up there and I was faced with a crossroad. Ken Lanza, a good guy, had taken over for Dick Rosenberg as head of the private sector office. He was a very assertive, aggressive guy with a lot of experience in the private sector and had a lot of good ideas. He was pushing, and when I got there in the summer we were putting together our Program Recommendations. Our question was, what do say our next ESF agreement is for? Ken made the case that FUNDEX was the designated recipient. So that was the question that was on the table. Juan Belt, the AID economist said "Look, I have these ideas." and he put forward the whole question of the open markets and financial reform package. Basically a fiscal and foreign exchange reform package with some aspects of government reform and tax policies, but laying the basis for a public sector reform program. Two very different visions. I had to make a decision, which to me was easy, I said "Look, I can understand the thrust on the private sector side, but this is today's agenda so that we need to follow this." so the ESF agreement that I put together had a whole new area, picking up some of the stuff that had come earlier especially on pension reform and a few things like that. But also introducing tariff reduction and beginning of independence for the Central Bank. These things had conditions which were negotiated with the government and they bought into it because they were learning themselves, it was a brand new government. But they believed in these things, they really did.

*Q: Had there been a process proceeding this to engage them into understanding these issues?*

VENEZIA: The President didn't know anything about this stuff. He was a good politician, a good guy but not an economist. Some would even question whether he was a good lawyer. But he ran a tight campaign, but had no program when he came in. His economic team however, had a lot of people in it who were free market economists and who wanted to move along this track. They were easy to talk to on this issue, they were convinced themselves and they had to convince the government of. The head of the Central Bank was a very strong free market economist who by the way, in my first meeting with him at the office of the Vice-President, he walked into the meeting late and introduced himself and he said "You don't remember me do you?" and I said "No, I don't." and he said "Twenty years ago you gave me my scholarship to go to Harvard to study tax policies." I remembered that I had. I was the head of institutional development, and he had come in as a young student and interviewed and I said this is a guy that should go, I picked him and he went to Harvard and then came back and was now the head of the Central Bank. Interesting, that's Costa Rica for you.

These people came along, they were basically convinced themselves, they had to convince the politicians in the government but in effect it was a willing audience. They were being pressed by



the IMF, they had encountered a very high deficit and were heading toward a 7% deficit. They were under pressure to deal with the IMF. My first meeting with Arnaldo Lopez Echandi, the Second Vice President and my counterpart, was an event. I went over the second day that I was in the country and Doug Tinsler, the Deputy, tells me the first day that they had just pulled a real shitty deal - done by the head of the Central Bank. They had been faced with a payment deadline to the World Bank and the IDB, but mostly the World Bank. The World Bank's deals are, they get paid - they don't care what - they get paid. So they have a deal where if you begin to miss your deadlines on payment, the penalties become incredible. If you miss one, the penalty you get goes up a certain percentage, there's a point at which it doubles. They were reaching these deadlines and they didn't have any cash because to pay the bills to the World Bank they needed dollars. To get the dollars the government had to give the Central Bank Colones. The government didn't have the Colones to give to Central Bank, so they were stuck. The deadlines were coming like hammer blows. So the head of the Central Bank decided to take the local currency that he had in his accounts that belonged to AID and leave behind Central Bank bonds as collateral. That happened the day before I got to the country and we're talking about an enormous amount of money. So Doug told me what happened and I said "Well, Jesus we can't live with that. The auditors will come down on us like crazy, it's still AID responsibility. We can't accept bonds instead of the cash." So I went into Arnaldo's office, at the Presidential House, and I'm meeting him for the first time, we sit down and the DCM is across the way from me, he had accompanied me over but still doesn't know me. I thought back to my being bullied by the Ambassador and I thought nobody is ever going to intimidate me again, so I said "Mr. Vice-President, I've come to discover this is X,Y,Z, and I have a message for you." And he said, "What's that?" and I said, "Put it back." and I said this last phrase to him in English. He winced and said "We're not sure we can do that." and I said "Look, I'm prepared to talk to you about how to do it and when to do it, but I'm not prepared to talk to you about not doing it." We agreed then that we would look at ways to do it which led basically to what was referred to as Programs for Labor Mobility, which means downsizing the government. In effect we wrote off the debt against their letting so many people in the government go and charging that money against it. What a way to begin a tour, let me tell you. We had enough relationships in the country where we could do that. I wasn't doing it alone, I had a tremendous staff. I never went to a meeting where I didn't know what I wanted to say, I was always well briefed and my cause was just. That was my first meeting with Arnaldo. We designed the program around the New Initiatives in which we were using Mexico as an example and we began to take off on the trade side. We lowered the tariffs and we worked very closely with the IMF. About three months into my tour there was another small incident. These are some of the personal incidents that I had. It makes it sound like I'm aggrandizing myself, but these things happened.

*Q: Well it's your story, if they happened that's what we want.*

VENEZIA: I was talking about Arnaldo and I was already deep into handing off of the baton, making sure that we were going to try and link ourselves in with IFIs and the IMF came to town. The IMF couldn't get the government to deliver on figures and they were having trouble making the government understand that the IMF was serious. The IMF would be talking to me, a guy named Eric Williams and he was a Trinidadian and he was trained in the British system of fiscal management and saw the Costa Ricans as the most wasteful people he had ever seen in his life. In his first visit to the country when I was there, I was talking to him daily and he confessed to

me finally at the end of one day that he was leaving the country the next morning, he could not reach agreement with the government and that he couldn't deal with them. He was calling me to say goodbye, to thank me for my help. I was in the office and I called Arnaldo, and I said "I need to talk to you." he said "Sure come on over." He was like that, if he was around, I could talk to him. So I drove across town and sat in his office and I said "The IMF is going to leave this country without an agreement and you guys are going to suffer for this. You have to come to a deal. I understand that's it's difficult and that you may have to do some things that you may not want to do, but not cutting a deal is going to cause you more problems then whatever you think is going to happen by cutting the deal. The IMF tells me that he is leaving and my advice to you is that if you don't get your ass in gear on this thing, you're going to be hurt." he said "Let me look into it." It turns out that the State IG Inspector's were visiting the post at that time and doing an inspection of the post, they had already come over and had lunch with me and their basic question was 'Did I think I was part of the Embassy team?' and they looked at the building and they had talked to the DCM who said "I don't know what's going on over there," and they wanted to know if I was a free agent. I said "As far as I'm concerned, I am nothing without an Embassy, we have all this money but it is U.S. policy that drives us not anything else." So I convinced them.

The same afternoon (about this IMF incident) there was a cocktail party at the house of the Admin.. Officer for the team and the Embassy Officers, to say goodbye to the inspectors. I got in about 5:30, I walked in and the head of the Political Section, John Hamilton, said "You just got a call from the Vice-President's office and he's asking for you to call him back immediately." So I went over to the phone and called him and he said "Ron, I just wanted to call to thank you for your intervention, I got involved personally and there was a terrible misunderstanding. We've met, he's [the IMF] not leaving on the morning plane tomorrow, we've got a meeting planned tomorrow and we're going to come to an agreement and I'm just calling to thank you personally for what you've done. What you did was a great thing. Thank you very much, see you in the morning." I walked back into the living room and everyone wants to know "What the hell did the Vice President want?" and I said "He wanted to thank me for my personal intervention in making sure that the IMF team didn't leave the country and that they are going to have a major agreement tomorrow." And I'll always remember this, John said "WOW" and I don't think the DCM ever forgave me. It was that kind of a tour, it was exciting everyday.

The problem was that the Embassy in Costa Rica never appreciated how we saw the AID Mission's role. I remember sitting with Arnaldo one day hearing him lamenting that their party, which had been out of power for many years, did not have a deep reservoir of young talent, and that key people such as ministers were doing their own staff work. I remember saying "Look, consider my staff as available to your Government to do staff work". And they would do that. Juan was called several times to prepare think pieces for the Central Bank, or to go over and comment upon the fluctuations of exchange rates as new policies were implemented. Ken Lanza was regularly consulted by the Minister of Commerce, and prepared papers for them. After all, they were paying most of our operating costs. At least we could repay them in some ways. Well, the Embassy saw us as a bunch of sellouts to the Costa Ricans. This was especially true regarding US policy on expropriations. There was \$10 million of ESF being held hostage to resolving that issue, and while I supported the US stance, I felt that there were other ways to solve this than messing around with AID funds. Eventually we lost the money which proved to

me that the linkage was flawed to begin with. The issue is now with ICSID which is where it should have been all along.

There were big issues at stake, I felt that we were deeply involved in the country's strategy, we had wonderful relations with the government. I was never quite sure who was using who, but it seemed to be working out. Finally, as I reflect on the whole Costa Rican experience, the next thing I wanted to do was to create a foundation. I came with the idea of a foundation again from my Asia/Near East experience. I had been exposed to the Luso-American Foundation in Portugal which had been created by AID cash transfers as a means to continue cooperation after the closure of the AID Mission there. I had seen it operate and I knew the way that it was structured and I thought that's the way to end the program. I began to think in my mind about the structure of a foundation. About a year and a half after I was in I could see the down sizing trend emerging, I got more seriously involved. I brought in Larry Harrison to work on the side of what a foundation might do and I had my own ideas. I felt very strongly that it should continue to work on scholarships and public sector reform which was something I think Costa Ricans will need for the next millennium, and export promotion, to continue the things that we were talking about and still provide some way for the Costa Ricans to still have a U.S. connection. So Larry staffed that out, he was skeptical at first, but eventually he came on board. Then I asked Don Finberg to come in (he had run the Luso-American Foundation) for his ideas on how to structure. I put together a report and a basic structure of what I thought would work and the essence of it was the local currency because we had to find a way to get the local currency off of our back onto something. I developed an approach that was probably a mistake on my part, but I felt very strongly about it. I felt very strongly that if we were going to call it the Costa Rican - U.S. Foundation that there ought to be some U.S. money in it. I felt strongly that I had to have some dollars involved for if nothing else to hedge against inflation.

Into my second year, I put together a proposal and took it to Washington and I thought it was the best thing going since sliced bread. I have never encountered such short sighted, narrow minded attitudes as I encountered in the planning office of the L.A. Bureau. Joe Stepanek who had spent most of his life in Africa and who was on a vacation in Latin America, because he never really engaged as far as I can tell, took it in his mind to say that this was a ridiculous idea and I couldn't for the life of me figure out why. But he was the head of DP and the rest of the bureau looked at it as if it were trying to extend the AID Program. It was seen as something strange, as something out there on the moon. I was asking for U.S. dollars and they said "Are you crazy? To just park somewhere and pay interest so that you guys can have a foundation?" I said "Yes, I'm glad you finally understand it. The answer is yes. And this is what it's going to do and this is an exit strategy for AID." Remember what I said about the plane? You bring the plane in for a landing, you don't take your hands off the wheel and that means you put some money in. I told them ""We can talk about the cash flow, five million dollars a year for the next five years or do it all at once, there's all kinds of formulas and amounts, but let's talk about the substance." The only answer I got was "See if you can make it work with local currency." and I said "Let me make sure that you understand my point here, my point is that it's a Costa Rican - U.S. Foundation. The U.S. puts in money." they said "There isn't any money." I said "Then there is no foundation." And I just stopped, I thought I was perhaps making a point but they had not made a decision to close the AID Mission at that point so I figured there was enough time. I had talked to Arnaldo, and I had cleared this with the government and made sure that the government knew and Arnaldo

thought it was a marvelous idea. He talked to the President about it and the President thought it was a good idea. I said "You have to understand that we're talking about this as a repository for the local currency, you have to agree." they said "Don't worry about it, we see the benefit of this and we are with you. You can say that we support this." So the government was on board. But it never went anywhere while I was there. While I was there, the last basic presentation I made was to the new AA for Latin America, a Clinton appointee. He came to Miami just after he was appointed and I had a half hour meeting with him and I tried to brief him on it and I saw his eyes glaze over, his only interest was in going back to El Salvador where he had been a Peace Corps Volunteer (he had been highly opposed to the Reagan administration policies in El Salvador) and going back and kicking the hell out of that program and making sure that they did things his way. Since he's been in the Bureau I think he's focused almost inclusively on Salvador and Haiti, which most people have anyway. I could not get any interest out of him. Aaron Williams was intrigued with it, tried to say that we should do just local currency.

Aaron Williams was the Deputy in the L.A. Bureau and then moved up and is now the Executive Secretary. He was intrigued with it. I couldn't get anywhere so I left it on the table and it was on the table when I left. Still there, it was picked up and now it's moving along very quickly.

*Q: Do you understand what the subsequent objection was or what the real issue was? Was it just lack of interest or were there some technical issues?*

VENEZIA: I never understood Joe Stepanek.

*Q: Well, apart from him?*

VENEZIA: But he led the opposition in the bureau. The money was getting scarce, the money was very scarce. Jim Michel had moved up to be Deputy so Aaron was Acting and he was being pulled in many directions. Aaron is very rarely the first one out of the trenches. He is a very solid, but relatively cautious guy. It couldn't get to his level, I couldn't get through the staff. The desk was absolutely no support whatsoever.

*Q: The State Department?*

VENEZIA: The State Department was intrigued but didn't see it as their fight. We had an Ambassador who was a political appointee, a good guy but not a guy who was going to go to bat for this kind of thing. It was not something that he saw as something for him to do.

*Q: This could be one of the most important things he might do.*

VENEZIA: He thought it was a good idea, but it was not going to be something that he was going to put his hand in the fire for.

*Q: Did it ever get onto the Hill or did anybody on the Hill know about it?*

VENEZIA: No. I tried to sell it around, but I never went to the Hill. I never had the contacts on the Hill and it would have been rough for me to do. I wouldn't have known where to go on the

Hill to be very frank. And I wasn't being advised on this. It just sat there, so I worked on other things. It was clear that I was up for the TIC (Time in Class) renewal, so I was getting signals that I was heading into my last year or whatever. I could see my own self winding down in the command.

*Q: Before you get there, let's go back to the Costa Rican program. Was there any sector or program focus?*

VENEZIA: Trade and investment.

*Q: Trade and investment were the primary things?*

VENEZIA: Well no, I thought that I did several things. Things that happened on my watch which I think I can take some personal responsibility for.

*Q: Right, that's what I'm after.*

VENEZIA: Things which I could take responsibility for and things that resulted if not from my initiative, certainly from Juan Belt who is the father of the Trade and Investment Program, and I took the policy lead on discussing everything but Juan was a very strong shaper of things.

*Q: He was your what?*

VENEZIA: He was my main support in the area on my staff. A lot of people helped. Juan was my economist. In 1970, I had started a legislative reform program, and when I got back to the country I was going around and doing my rounds, I was visiting everybody, a lot of people who I knew. The head of the Congress was Miguel Rodriguez who I had known when he was the head of the Budget in 1970. He was a young wonder kid, worked for President Torrijos, worked very closely with Larry and I knew him casually, but now he was President of the Congress. He invited me for lunch and I went over, we had a long lunch and I recounted the fact that in 1970, we had started a legislative reform program that had blown up because of the Communist Deputy standing up and saying that it was a CIA plot. I said that it was a damn shame. I asked him what he thought of that and he said "It's a damn shame." I said "Do you want to try that again?" and he said "Yes." He was very interested in reform of the Congress.

Congress obviously needed reform, Congress was sitting still in the twelfth century, it was a Bob Cratchett Congress. Everything was still being written by hand; they had made some attempts at modernization, but not really successful. We started a legislative reform project which is very active today. The Congress has really picked up on it. Then I had lunch with Don Edgar, who is the Chief of the Supreme Court, who I had not known but who knew AID. Before I got there, there was a regional program of legal reform, most of which was human rights oriented and the government had established what they called the Sala Cuarta, there were three Salas of the Supreme Court and the sitting court was the constitutional court. Well the country had gotten to the point where nothing was declared unconstitutional, it was so convoluted that laws were passed that were clearly unconstitutional and they were sitting on the books. It was a real mess. This got to a point where they finally created a fourth Sala, which was a constitutional Sala and

the judges that started this thing were good friends of Carl Sera, an American who was in Costa Rica at the time working as a contractor for human rights. He's a lawyer and a very, very personable guy. Well the Sala Cuarta said "Geez we're brand new here, we don't have a thing. Can you help us?" and Carl put together a little project which bought them computers, trained some of there staff and which set them up and running. They had done this through their training school inside of the Supreme Court and the Supreme Court in Costa Rica is well funded. It has 6% of the budget. They have always been well funded, it's a professional organization. They had a little training school and they trained their people and this had worked so well that when I met with Don Edgar, I told him about the previous attempt to do something with equity. And he asked if I wanted to try that again and I said sure.

Actually the last agreement that I signed in Costa Rica just before I left was the Supreme Court Modernization Project and I'm told that it's going extremely well. It's designed in a way that they did the work. Even the TA was going to be done electronically, the guys who designed it said "These guys are smart enough to do what has to be done, they just need some material assistance and some occasional outside assistance, which we can handle by telephone or fax and occasional visit." That's the way it worked and I'm told by Rich Weldon, the current Director, that the project has done very well and it's just soaring. And Edgar is still personally involved. That was fun.

I got interested in the scholarship program and I became convinced that the best thing that AID has as an impact on a country is the people. We probably trained outside the country between 3000-4000 Costa Ricans at all levels. I'm talking about Ph.D.'s and Master's level down to 4-H teenagers. These people are going to come back and hopefully have a major impact. They're beginning to flood back into the country now. I was visited by the Academia people who were worried about if the government changed, they were worried about the impact on free market economics and they might return to the economics of the past which Liberacion was famous for. They were afraid that AID contracts were going to dry up because AID money was slowing down. They asked me for an endowment, and I told them that we don't do that anymore and that I was sorry. I went home and I thought about it, I came back the next day and I called them up and I said, "Look, I can't talk to you about an endowment because I don't want to talk to you about an endowment, but I want to talk to you about something that I think is necessary, that I think you guys can do." We had a whole bunch of people out studying in Masters and Ph.D. levels and mostly economists, free market economists are studying in Chile, Argentina, Mexico and if they do well there we send them on to Stanford and Chicago. And there were dozens that were out there. A few of them had come back and clearly the employment opportunity for a Ph.D. in economy in Costa Rica is not all that great so this guy had gone back and helped his father run his chicken farm. I said, "We're not going to make this investment and have these people come back and go to work with their families, which is where the money is, how are we going to keep them engaged? I would like you to think about setting up a program of basically, continuing education, where you set up a series of periodic sessions where these guys, as they drift away into doing business or the academic world can still come back and do economics and there will be a place where they can read economic manuals, they can come to the literature and they can be tested and they can continue to be involved and maybe even work as consultants." They said that they would like to do that.

Now we had to talk about how to set it up. We would set it up and we wouldn't call it an endowment because it wasn't, but we set up our famous little scheme. Which was a small project (it was only \$130,000) for three years to run a series of seminars, keep a library, when people were coming through set up sessions and invite people in and have a part time coordinator. And while you're doing that for three years, here's a half a million dollars of local currency which we will set aside and let grow for a period of three years and when that \$130,000 is gone this will kick in and the income stream will continue the program. That program is currently underway. Hopefully it will continue. These are some things that I feel good about, they were small things but they were I think, key things. I thought it was quite innovative.

In the area of public sector reform, Doug handled most of the day to day work. It was a major program which Doug was clearly interested in and took the lead on and that was in the area of fiscal reform and tax reform. I got involved in the aspects that affected trade and investment, which would be dealing with the Ministry of Economy on new law of consumer protection. Which meant removing price controls. The private sector office did most of the work on the export function side and I didn't have to touch that. I could oversee it, but it was moving along. I got involved in the putting up of a laboratory for exports which I understand is not going well at all. Also, I brokered the introduction of Internet into Costa Rica, the first Central American, maybe the first Latin American country, to link up.

*Q: What about some of the areas of AID interests in the health program, the population and the environment and all of those kinds of things, were they part of your program?*

VENEZIA: They sure were. Remember that I had overseen the population program within this institution development office that I had mentioned earlier. That's when we actually started and those were the days when the Bishop's of Costa Rica were railing against the introduction of family planning practices and we discovered that every time they made a speech or had a letter read from the pulpit the use of family planning went up. [laughter] They finally realized that what they were doing was giving the program advertising because most people were coming out of the church realizing that there was a way to do this. Those were the risky days. When I got there the second time the Family Planning Program had been incorporated into the Social Security System, the Social Security System had carried it as a regular service. Our main input was some technical assistance and some networking, going to various training courses and things of that nature and contraceptives. Betsy Murray explained to me the program and I said well contraceptives are where the money's going. We were putting a half a million dollars a year of contraceptives into the Social Security Institute so I asked her how long we were going to do that and she said that the contraceptives come forever. AID had this global contract and we order them and they come. And I said "Betsy, this is going to be a soft landing, it's been 20 years and the services are incorporated, we're going to have to find a way to cut this off." and she was somewhat shocked.

In my first meeting with the Executive Director of the Caja who was good friend of the President's and who I had met at a previous occasion so I knew him before I met with him, I said to him, "I've got good news and I've got bad news. The good news is that you guys are doing great, the bad news is that sooner or later we're going to be out of here and you've got to find a way to buy your own contraceptives; you just can't think that we're going to be here forever. So

why don't we cut a deal? I'll give you three years, three years from today we'll be out of the business and you'll have three years to gear up for this." They had a big operation, it was mostly bureaucrats, and the condoms were listed under the same kind of an import regulation as tires. I'm serious, they simply hadn't done the staff work that was required to bring in condoms in a massive way.

I said, "You get the staff work together but I want to tell you we're on a downward slope. This year we're going to sign something for a third less than we normally do with the expectation that you'll pick it up." He said, "No, give me a year." and I said, "Okay. Then next year we'll do it half and half; the next year and the third year it will be none." He said, "We can live with that," and we walked out. That was it. It became a self sufficient program and the country could handle it. Healthwise, the country's health program was sophisticated enough. When there was a cholera outbreak in Central America, Costa Rica just geared up and I think they had ten cases at the most which came across the border from Nicaragua. They were clearly able to handle it. They had problems with administration.

*Q: Were you involved in the Child Survival Immunization Program?*

ENEZIA: No, the Costa Ricans did their own thing. We provided technical assistance if they wanted it, gave them access to international forums, but the health program was not our prerogative, they were pretty much on their own. The same with education, earlier we had restocked their schools with text books and we were building schools with local currency but it was not a major area.

*Q: What about the environment?*

ENEZIA: Heavy. There's an interesting foot note to that. I came in and discovered a program called FORESTA. It was a five year project which had taken the course that we all took. Here's a five year project to basically create a private NGO although with heavy links to the government in those days and we'll set aside an endowment and let that grow for five years and then when the money runs out the trust fund will kick in. This story I will warn you has a happy ending and it's a very personal happy ending. I took a look at the project and it was incredible. The project paper had been written by one person and the budget had been written by another person and these two people had never talked to each other. It was quite clear that the person who wrote the paper was writing for some kind of crazy environmental office in Washington that was going to approve this thing and the person who wrote the budget was talking to the people on the ground who wanted the goodies. There were saw mills, it was incredible, there was no relationship and the government thought that the project was there to pay for park guards. They came literally after the project was signed which was just before I got there and said "Where's our check to pay the guards for the park?" Now you have to understand that Costa Rica has a system of national parks that is probably one of the most advanced in the world; 13% of the entire country is under some kind of protection and maybe 27% of the country is under some kind of environmental management. They are very heavy into the environment, although the organization was a little screwed up. To make this project work, I used to use it as the classic example of nobody asked the questions "Does this make sense? Will it work and will it make a difference?" As far as I was concerned the answer to all three of these questions were no. There were immense problems with



getting this thing off of the ground, tremendous misunderstandings with the government who had thought they signed one thing and they found that they had signed another and we were not going to bend. Anne Lowendowski who was the Project Officer was personally engaged in this thing almost on a daily basis. Bill Balkum, chief of the Ag office, would try and keep peace and they then would come to me, it was just a mess. It finally worked itself out. Little by little we would take on issue after issue and we would say this is what makes sense and I don't care what the project paper says, this is what makes sense and this is what we're going to do and we just held the line. We eventually prevailed and they set up this NGO called FUNDICOR which was the foundation for the protection of the central volcanic area which is all of these parks in the middle of the country which is what I called "the jewels in the crown" of the country. The country had this central volcanic ridge and the parks were all sitting up in the crown of the country, and they were the jewels. They were what the people came to look at, this was a tourists attraction. I called it the "Jewels in the Crown Project" the project moved along and began to gather steam. It is controversial because philosophically it takes for granted that you can have parks that you can prohibit anybody from cutting tropical forest but that there is a large part of these forests that people live in and you cannot simply close off forest resources. Their whole objective was to find a way to have forest management done in such a way that's that you can literally have people live and harvest a tropical forest and that's highly controversial. Some people say you can't do it so build a wall. Well they did do it, they developed all kinds of methodologies and as the project was winding down I was thinking about what to do with the endowment. I had been a member of the Board of Trustees of the Earth University and I had seen that work, there was a board of trustees that managed the trust and the board of directors of the school ran the school. I advised and counseled them that they needed to set up a similar arrangement where the money was kept apart from the people who spent the money. I negotiated long and hard with them on that issue and I was trying to get it into FUNDEX because I didn't have the U.S.-Costa Rican foundation which was really the ultimate goal, but that wasn't going anywhere. So I tried to push them into FUNDEX, which they didn't like and they resisted. So we negotiated a lot of the details but we couldn't close. When I left the country we still had not closed the deal. It went to my successors who continued the same arrangement. We had come up with an arrangement of a technical committee, we didn't want to call a board of trustees or a board of overseers, these were people that were very afraid of being usurped. They were tough negotiators, we had long, hard sessions. Most of which they won, I won some.

*Q: Who were these people?*

VENEZIA: They were FUNDICOR people. We were trying to set up the arrangement of how this thing was going to end up. After I left the basic approach continued with the idea being that they would no longer go into FUNDEX, they would control their own trust but it would be in the hands of a trustee, which was a bank who would control the money and AID would remain as a trustee and would eventually turn it over to somebody. But the money would be kept away from them and this technical committee would have to approve the annual budgets and serve as an evaluator of the program. As you know, yesterday was Sunday and I just returned from Costa Rica and I was coming back from the first meeting of the technical committee. I have been invited to be a member, I was invited by AID to be one of two AID appointees. They would appoint two people from the technical committee, FUNDICOR would appoint two and the government would appoint one. I was one of the two from AID, Anne Lowendowski was the

other one by the way. The two people from the other side were a Costa Rican and an American who worked in tourism, plus a rep from the government. Their first meeting was this past weekend, I was invited in and full costs were paid for by FUNDICOR. The project is now ending, their picking up the endowment, their annual budget is 1.6 million dollars, the endowment is over ten million dollars. We met, I was elected President of this surrogate board of trustees and have a five year term. I will be going back to Costa Rica twice a year, paid for by FUNDICOR. There are no fees involved. Each trip is for about three days. In the January meeting we approved the annual budget and when we go in July we will be doing evaluation work and wandering around to see what they're doing.

FUNDICOR has turned out to be probably one of the state-of-the-art NGO's on forestry. One of the projects they're working on is carbon fixation; they developed a computerized model of carbon fixation, which has to be measured and certified because it involves the payment by, let's say a cement plant in Pittsburgh to, let's say, a farmer growing a tree in Costa Rica for the growth rate of this tree which is fixing carbon. When a tree grows it fixes carbon. It's scientific and the project that they developed and presented to the Carbon Fixation people is being used at the Harvard Business School as a case study on how to do this kind of thing. These are first class people. I was astonished at the level of sophistication. They have farm plans which they have computerized, they have 40 of these. The methodology allows them to identify the trees, you actually bring a picture of the trees on the farm, the various species, the average growth rate of each species and they can tell you the year that this tree will reach 60 centimeters and when it should be cut before it starts to rot. They then take that information down to the stock market and will eventually sell futures on wood that says "There's this tree that's going to become available in this year, that will be available for this price." So they prepare the paperwork now and the farmer gets the money. It's amazing. It's hard to say whether this will actually work, but I must tell you that it's working at the moment. So I was very pleased. I'll end my Costa Rican story by saying that I will continue to have a Costa Rican connection with an area of the country which is of great importance to tourism, ecotourism and conservation and forestry. It's a wonderful thing to do in retirement.

**SAMUEL F. HART**  
**Economic / Commercial Officer**  
**San José (1969-1971)**

*Ambassador Samuel F. Hart was born in Canton, Mississippi in 1933. He joined the Foreign Service in 1955. His career included posts in Uruguay, Indonesia, Malaysia, Costa Rica, Chile, Israel, and an ambassadorship to Ecuador. Ambassador Hart was interviewed by Charles Stuart Kennedy in 1992.*

HAART: So I did a one-year Masters, and then I went back to ARA. I had been told that I was going to be the section chief in La Paz, and when I wrote my thesis at Vanderbilt, it was on economic development in the Santa Cruz region of Bolivia, because I thought that's where I was going.

And then, at the last moment, it really was into the briar patch. I was told that the ambassador had some person that he wanted to put into that job, so ARA couldn't offer me that job anymore. But I could have my choice among Nicaragua, El Salvador, and Costa Rica. That took me all of about five seconds to decide. So that's how I got to San José.

*Q: What was the situation in Costa Rica, which has always been considered the one sort of bright spot in the Central American mess?*

HART: Justifiably so. We're talking 1969. Costa Rica had become a democracy in '48, and Pepé Figueres was, to use the cliché again, "the George Washington of Costa Rica." When I arrived in Costa Rica in '69, they were just entering into another presidential election, and Pepé was running for president again.

It was early in the Nixon administration. Henry Kissinger was in the White House. Ambassadorships were being sold to the highest bidders. When I was assigned to Costa Rica, we had a career Foreign Service officer as ambassador there. He was told that he was not going to be kept on, and was moved out, anticipating the arrival of Mrs. Ruth Farkas. She and her husband owned Alexander's Department Store in New York and donated three hundred thousand dollars to Richard Nixon's presidential campaign in '68. She thought that entitled her to the Court of Saint James; what it got her was San José. There had been a chargé there, a guy by the name of Sandy Pringle, for several months. And at just the time I arrived there, in like October of '68, word got out that Ruth Farkas was not coming, because she and her husband had major-league problems with the IRS on income tax evasion. And even Richard Nixon couldn't fix that. So Ruth Farkas didn't come, and after a few months, we did get a political-appointed ambassador, who's name was Walter Ploeser, who had been a political-appointee ambassador to Paraguay in the Eisenhower administration. I think his main contribution to the wisdom of the State Department was that Alfredo Stroessner was a leftist.

*Q: Oh, God. For the uninitiated, Stroessner was a good, Germanic, Latin American dictator for 30 years or something.*

HART: At least 30.

*Q: Who was very much a rightist, in his own way.*

HART: Well, this guy, Walter Ploeser, was a former Republican member of the House from St. Louis, Missouri. He had been defeated, I think, in the Sixties, and he was in the insurance business when he wasn't in the Congress. And his clout, in terms of getting the job, was that he was a major fund raiser for the Republican Party in St. Louis. Walter arrived in San José about three or four months, I guess, after I got there. There had been an interregnum between the departure of the last ambassador and Ploeser's arrival of about eight months--quite a long time. The first few months I was there, everything was wonderful, the DCM was a good, solid professional, and the embassy was running like a top. Then here came Walter Ploeser, and things took a decided downhill turn.

Costa Rica is a little island of tranquility and democracy, the most democratic country I've ever been in, including our own. Because, literally, the president would be strolling down the street and go into a coffee shop and be sitting there drinking a cup of coffee, and a street sweeper might go up to him and say, "Señor Presidente, I have a little problem I'd like to discuss with you." And it was really that way. There was a sense of community. There was a sense of patriotism, a sense of pride in the national institutions, in their own ability to govern themselves democratically, in Costa Rica, that was unique in Latin America. It really was.

Why did it happen in Costa Rica and not elsewhere? Gosh, political scientists will argue about this; but it was in part because historical accidents had led them down a certain path and it seemed to foster that.

But it really worked.

The CIA had a bug in the living room of Pepé Figueres's house. And during the election campaign (this is all information that I learned much, much later), Pepé had the head of the Costa Rican Communist Party (which could field 5,000 votes in any election; and that's all they could do) into his house, and had sat in front of that microphone, and Pepé had made a deal. Now this was the same Pepé Figueres who had been on the CIA payroll for years and years. And he told the head of the Communist Party of Costa Rica, "If you will pay me a certain amount of money, when I become president, I'll do two things that you want. I'll legalize the Party" (which had been made illegal by Figueres many years before) "so that you can again become the Communist Party of Costa Rica instead of some other name that you had. And I will establish diplomatic relations with the Soviet Union." And a deal was struck.

Now for anybody who knew anything about Pepé Figueres and Costa Rican politics, this would have been a cause for amusement. But, you see, this happened at a time when people making these decisions in the United States, which we talked about before, looked at the world in this peculiar way, that everything boiled down to: Them and Us. And the conclusion reached in the CIA and to some degree in the White House (which was, with no trouble at all, sold to Walter Ploeser as they were preparing him to come to Costa Rica) was that Pepé Figueres was intent on handing Costa Rica over to the Communists. So when Walter Ploeser arrived in Costa Rica, the good times did not roll. Relationships which had been really solid for years and years started to unravel. Ploeser couldn't stand Figueres and made no bones about it; Figueres couldn't stand Ploeser and made no bones about it. Figueres would say to lesser-ranking people, "When are you dumb ass holes going to get rid of that Fascist ambassador you have here?"

And we'd say, "Well, Don Pepé, if you really want to do that, then you can do that. That's something you can do."

He said, "I'm not going to take the heat for this. He's your problem."

Combined with this, we had an alcoholic CIA station chief, a guy by the name of Earl Williams, who on a personal basis was a nice guy, but on a professional basis was a total nincompoop. Married to a Cuban refugee of the Más Canosa mind. As an anti-Communist Cuban refugee, she had good reason to be anti-Communist.

*Q: But from the extreme...*

HART: From the extreme right, the extreme right. From Batista not being a bad guy.

*Q: Batista being the long-time military dictator of Cuba, who was...*

HART: Overthrown by Castro in '58.

Anyway, Earl and the ambassador were the only people who knew about this bug. You wouldn't see cables going out of there, but you would hear echoes of cables that had gone through CIA channels about the awful situation in Costa Rica. Nobody saw these cables except a few communicators and the ambassador and maybe the ambassador's secretary and the station chief. And what they were doing was painting a systematic picture of a country that was on the verge of falling into the Communist camp, and if we didn't do something about it, it probably would.

Now I do not know precisely what was done, but over about an 18-month period, from the beginning of '70 to the middle of '71, enough things happened that were suspicious, that Pepé Figueres and the people around him were convinced that CIA and the ambassador were conspiring to overthrow his regime.

As I say, I don't know what happened, but I do know that at one point a former ambassador to Venezuela, a liberal Democrat named, I think, Walter Stewart, was dispatched to Costa Rica to warn Figueres that if he didn't shape up, he was certainly going to incur great displeasure from us, and blah, blah, blah.

Now what, in fact, was happening was there was no threat whatsoever to his interests.

The embassy was cordoned off between the ambassador and the station chief and his MILGROUP commander, an MP lieutenant colonel, very knowledgeable fellow about nuances of politics...

*Q: You're saying this with a twist.*

HART: There's a certain amount of sarcasm in the comment. And the rest of the embassy. And only slowly did some of the rest of us figure out what was going on. And when we did, there was a revolt. There was an open revolt. We blew this thing into the open.

*Q: Explain how one blows something into the open.*

HART: Well, at that time, just certain remarks by the ambassador, and other things that had happened, let us know that something was not right. I was the head of the Economic and Commercial Section, and the head of the AID Public Administration Division; I had two jobs. The head of the Political Section was a guy named Bart Moon.

The DCM was a man of totally no talent and no character by the name of Ellwood P. Ravenold, Pete Ravenold. If you ever want to find Sam Hart's view of the antithesis of what a Foreign Service officer or a public servant should be, look up Pete Ravenold and you'll have him. He was a man on whose tombstone I hope they carve: "Here lies Pete Ravenold, who never compromised a principle--because he never had one." Pete Ravenold saw his role as somehow keeping Walter Ploeser happy. He had no interest in substantive matters.

So it fell to the AID director and me to try to do something about what we considered at least an appearance, if not an actual fact, of the American government conniving in the overthrow of a friendly democratic government.

The AID director, a guy named Larry Harrison, was the ambassador's *bête noire*. He was considered a Jewish liberal who was totally misguided, and in the end ended up being, according to the ambassador's view, a traitor. He was not following the ambassador's line as AID director and was passing information to the Costa Ricans, with whom he was very tight, particularly with the foster son of Pepé Figueres. As a result of that, Larry got on the ambassador's shit list.

There was a *dénouement* when Walter Stewart came to Costa Rica and we finally figured out what was going on. The Costa Ricans declared the station chief, Earl Williamson, PNG (*persona non grata*) because, among other things, Earl had sung anti-Figueres songs at the Club Union in Limón, in public view.

This is all trying to put into a few sentences something that played out over about six months and was terribly complex. I have it in writing someplace if you ever want to see what happened.

But the end result was I was put in charge of drafting the CASP (Country Analysis and Strategy Paper) for Costa Rica.

*Q: Which at that time was: What are our objectives? What are we going to do? How are we going to go about them? --within each country. A country-policy statement.*

HART: The CASP is supposed to say what U.S. interests are and how you achieve them. But it really involves rather deep political analysis about what's going on in the country. There was a CASP group; a couple of other people and I wrote it (this was before all of the business about the taps and what was going on came out) and said, "Let us suppose, for the sake of argument, that Pepé Figueres wanted to hand Costa Rica over to the Communists. Could he do it?" And the paper said, "No. Even if he spent 26 hours a day plotting about how to hand it over to the Communists, he could not do it, because that's not the way Costa Rica works."

The ambassador got this; he refused to send it in. I pointed out to him that he didn't have that option, that he had the right to attach a dissent to it if he wished to, but the CASP was not his baby.

*Q: This is interesting. Why was this not? Normally an ambassador's in charge of a mission, and everything that goes out basically is his.*

HART: Because it was an interagency paper which was supposed to reflect the considered opinion of the embassy. If there was a difference of views, you were supposed to list the difference of views in kind of an appendix or a dissenting opinion, almost like a dissenting opinion on the Supreme Court. But the unanimous opinion of the people who had drafted the CAS was: This was the situation. His response was: This CASP ain't going out. And so he had the MILGROUP commander draft his CASP. Then the struggle became: Who was going to sign off on which CASP? And I said, "Very well, we'll send ours as the dissent." So we sent in two CASPs to the Department: one was the ambassador's CASP, on which he and the MILGROUP commander signed off; the other one was the dissenting CASP, on which every other agency represented in the embassy signed off, including CIA, because the section chief had been thrown out and CIA had sent down a temporary station chief who signed off on the dissenting CASP. It said, "There is no Communist threat in Costa Rica." And both of those went to Washington. The only person who didn't sign off on either one of them was the DCM. He didn't sign off on either CASP.

This blew the thing out in the open, combined with the fact that some of us had contact with Dante Fascell, who at that time was the head of the congressional Subcommittee on Latin America of the House Foreign Affairs Committee. There were contacts with Fascell and with the *Miami Herald*, blowing out what was going on. And the *Miami Herald* called for the recall of the ambassador, in two or three editorials.

Is this something that I would recommend to anybody to do, and that is, to go out of channels like we did? I'd say it's a close call. But I felt the stakes were big enough, and the attempts to get the State Department to do something about it were so unsuccessful. We went to the higher-ups in the State Department and said, "We have a terrible situation down here; do something about it." And every single one of them--whether it was Charlie Meyer, who was the assistant secretary for Latin America; Bob Hurwitch, who was his principal deputy; or the country director for Central America, Dick Breen, who was a nice guy and a good guy, an AID man (that was when we had State and AID back to back, or belly to belly, whatever you want to call it)--all said, "This is a fight we can't take on. This guy's too powerful in the White House." So two or three of us in the embassy took it on, and we blew this sucker out of the water. And that was the end of the hanky-panky in Costa Rica.

I got thrown out by the ambassador. The AID director got relieved and came back to Washington, and it took him, politically, about five or six years to recover. The DCM got promoted.

*Q: What happened to the ambassador?*

HART: He stayed his two years. They removed him after two years, but they did not remove him as a result of this disgraceful debacle.

Now I have described it to you in ways that are probably totally unintelligible. What I've tried to do is telescope all kinds of things that it would take all morning to describe.

*Q: You said you wrote it up.*

HART: I wrote it up.

*Q: Could we have a copy of that, which will append to this.*

HART: Definitely.

*Q: There's one thing I'd like to discuss. I'm not familiar with this, so I find it fascinating. Something that is practically the leitmotif of, you might say, the academic left is how much American business controls our policy in Central America.*

HART: It had no effect. It had absolutely no effect on any...

*Q: On either side?*

HART: On either side.

*Q: This was not...*

HART: No. By the time I went to Costa Rica, the old conventional wisdom that U.S. policy in Central America was dominated by United Fruit Company was no longer true. There was a book written, called *Mama Uni* (Uni being the United Fruit Company), which puts forward the thesis that everything the American government did in Costa Rica was dictated by United Fruit, et cetera, which was still in print and still had a lot of credence when I was the economic/commercial guy in Costa Rica. But it wasn't true. It really wasn't. And I would say that in my entire career, I have never seen a case where American business influence was significant in determining policy, ever, in a country with which I was involved.

*Q: I must say, in my job, I have interviewed several hundred American ambassadors, and when I put the question: "Well, how much was our policy dominated by American business?" or "What were American business interests?", I usually get sort of a blank look, while there's a quick trying to figure out, "Gee, I really ought to saying something about how important it was." Which may show there were some problems, maybe we should have done more. But the point being that this just wasn't a main thing on our plate, certainly during the period we're talking about, from the end of World War II until the end of the Cold War, in '88.*

HART: That's exactly right, because security interests dominated.

*Q: Absolutely. This was, as you would put it, a misperception on the part of the people of where security interests lay.*

HART: Well, I think American academics and Latin Americans believe that American business interests called the tune, in a vast number of cases, on our policies in Latin America.

There was one case, which I don't know enough about to make a judgment on, when Roy Rubottom was the assistant secretary of state for Latin America (he was from Texas and had a lot of contacts with the Texas oil interests, Esso and what have you), about whether or not policy in



Argentina was influenced by these Texas oil connections. I don't know enough about it to make a judgment.

But I can say that even in Chile, during the ITT/Allende thing and what have you, our concerns were not American business. They got into the act and mucked it up something fierce. But it was always strategic/political.

*Q: If you're leftist and threatening business, that's not the big problem--if leftist means that the Communists are going to come in, which means the Soviet Union will come in. Tell me, did you feel at all, while you were in this brouhaha, the fine hand of Henry Kissinger?*

HART: Absolutely.

*Q: He was the national security advisor at that time. Could you say how he...*

HART: I don't know that Henry ever took a personal interest in Costa Rica. But I went from Costa Rica to Chile, and Henry certainly had a strong hand in what the perception was in Chile. You remember when Allende first won the election in Chile...I don't mean to skip all the way ahead to there, but in a moment of rather penetrating analysis, Henry said, "You know, it really worries me about Chile, which is a dagger pointed at the heart of Antarctica." But having been flip, and at the same time profound, in the case of Chile, he then proceeded to behave in a way that caused enormous, enormous problems.

*Q: Well, you say you were basically bounced out.*

HART: I was thrown out of Costa Rica, and I was moved from being the head of a 13-officer, 15-local outfit to being the number-three person in the economic/commercial hierarchy in Santiago, Chile.

*Q: Well, now was this ARA just...*

HART: This was an asshole .... did it to me.

*Q: Was this trying to bury you as an embarrassment? Was this considered a punishment, or just, "Hell, we've got to get him out, and let's find him a place."?*

HART: Well, you'd have to be able to look into the minds and hearts of the people involved. I do know this. When I made it known to the Personnel people that I really did want to leave Costa Rica, because my position there was untenable, I said to them, "But I hope you can arrange this in a way that, given the circumstances of my removal, that I don't look like I'm being punished." When I heard fourth-hand that I was being transferred to Santiago, Chile (and I heard it literally fourth-hand), I went to the DCM and I said, "Is this true?"

And he said, "Yeah, it's true."

And I said, "Well, what job am I going to?"

He said, "Well, I don't know about that."

And I said, "Isn't it kind of irregular for me to find out from the wife of a colleague, who's not even in my section, that I'm being transferred?"

"Oh, well we were going to get around to telling you sooner or later."

But the ambassador had cut a deal. They wanted an economic officer to go to Santiago right after the Allende election. They had a new economic/commercial counselor who was concurrently AID mission director there, who'd just come in to replace Deane Hinton. It was Joel Biller, who'd come from being Econ/Commercial counselor in Argentina. He took over Econ/Commercial *and* AID director, to phase out the AID mission in Chile, and he wanted an economics guy. So I was told I was it. And I said, "Wait a minute now. This is going to look like a demotion."

And they said, "Well, that's all we have."

I had long phone calls with Washington on this subject, with Sheldon Kryss, who at that time was the personnel guy in ARA. He worked for the executive director, Joan Clark.

*Q: I thought she was EUR.*

HART: She was later EUR; at that time, she was ARA/EX.

And Sheldon was saying, "That's all we have."

I said, "Sheldon, I think I deserve better than this."

And he said, "Well, that's all there is."

I said, "In that case, I'm going to buy myself a plane ticket and I'm going to come to Washington and I'm going to do something about it, because I ain't going to take this kind of public humiliation."

So I bought a plane ticket and I went to Washington, and I said, "You say ARA can't do any better by me than this. Am I free to go find another bureau that can?"

And he said, "Yes."

So in a half hour I had gotten a good job in Australia, in the East Asia Bureau. Don McHugh, the old DCM from Kuala Lumpur days, was EX in East Asia, and I was going to become the economic/commercial guy in Canberra. And I thought, "Man, I've died and gone to heaven."

I went back to Sheldon and I told him, and he said, "Well, this is all contingent upon EA giving us a replacement for you. But okay."

I got back to Costa Rica, after having paid my way up and spending two days in Washington, and I hadn't been back 24 hours when I got a phone call saying, "We're not going to release you." He had never intended to release me. Never had intended to release me.

And so it was a question then about what to do. I had set up an appointment with Charlie Meyer, who was in San José, Costa Rica, to attend an OAS (Organization of American States) general assembly. I had it set up to see him and to tell him that I thought this whole situation sucked. I was in the midst of a divorce proceeding, and I had a lot of personal things going on. And by that time, I was so tired, I said, "You know, maybe I'd better go on to Chile, because I'm just tired of fighting this thing, and time is running out on me. And I've got a situation at home I have to do something about."

So I went to Santiago.

Attachments: Costa Rica and Chile

Attachment 1:  
COSTA RICA

I need to put on paper a story which unfolded years ago, in late 1970 and early '71 to be exact, in Costa Rica, while I was stationed there in the U.S. embassy. I've told the tale many times, but because of its complexity and nuances, I've usually not done it justice. The few exceptions have been when I was drunk and narrating to a drunken audience. But the truth probably is that it wasn't well-told then either. Rather my critical faculties were impaired and the listeners easily entertained. Anyway, I need to get it down in writing now before my memory dims too much and is replaced by fantasy. That would be a shame, because what happened there over a period of six months contains the essence of what is right and what is wrong about the U.S. Foreign Service as an institution and those who work in it.

First, I will offer some thumbnail sketches of the main characters, more-or-less in rank order.

Jose Figueres became president of Costa Rica for the third time in 1970. He had first led the country in 1948 after winning a civil war. He stepped aside in 1949 for a civilian government. In 1953 he won a democratic election as head of the PLN, a nationalistic party affiliated with like-minded social democrats in Latin America and Europe. He and Romulo Betancourt of Venezuela were seen as the prototype for modern, democratic leaders who would lead Latin America into the 20th century. The 1970 election victory reaffirmed for Figueres the role of father of his country. "Don Pepe" while nationalistic, was not anti-American. He was married to an American, had spent considerable time in the U.S., spoke excellent English and had accepted money from the CIA off-and-on over many years. He was also venal. His grandiose business schemes nearly all lost money. So he took bribes of various sorts to make ends meet. But Pepe was too conscious of his role as Costa Rica's half-pint George Washington to betray his country. People often thought they had bought Pepe. The CIA did. In fact, they had only rented him to do pretty much what he thought was in Costa Rica's national interest anyway.

Walter Ploeser was a former Republican Congressman from St. Louis, Missouri, who was appointed U.S. ambassador to Costa Rica by Richard Nixon in 1970. Although Ploeser had been ambassador to Paraguay during the Eisenhower administration, he spoke no Spanish. When not in Congress, Ploeser was an insurance salesman and major Republican fund raiser. He was also a cold warrior of the McCarthy stripe. Subtleties of international affairs were lost on Walter. As part of his briefing process before going to Costa Rica, Walter was told something that only a very few people knew: the CIA had a listening device in the living room of Figueres' country home and had heard him making a deal with the communists which threatened the security interests of the U.S. Walter was charged with keeping Figueres from allowing the Reds to take over Costa Rica. He loved it. Ploeser was also venal. He systematically falsified expense vouchers and tried to fire the budget and fiscal officer who refused to pay them. Among his other charms, Walter was anti-Semitic, anti-black and anti-Hispanic.

Ellwood "Pete" Rabenold was the Deputy Chief of Mission (DCM) -- Ploeser's deputy. He was a career Foreign Service officer of approximately 50 years who had distinguished himself mainly by his mediocrity. Pete had been the Consul General in Guayaquil, Ecuador before being picked by the Latin American Bureau of the State Department to babysit political appointee Ploeser. This ordinary guy hadn't done anything terribly wrong in his many years in the Foreign Service, nor had he done anything terribly right. In fact, he had done very little at all. Neither stupid nor smart, he went along and got along, but was mostly invisible. He saw his job as DCM in terms of keeping Ploeser happy. He provided little guidance or leadership in the substantive work of the embassy. He was more at ease keeping tabs on administrative/housekeeping matters. Pete's most noteworthy characteristic one was an overpowering B.O. which would wither flowers. The other was a total lack of any convictions. Pete seemed to remain oblivious to something so painfully apparent to others. Maybe his wife liked funky guys. He never betrayed a principle because he never had any.

Earl Williamson, who was about 60, was the CIA station chief and on his last tour. He planned to retire in Costa Rica. Earl's wife, Beba, was a Cuban exile and about 30 years younger. She loved to flirt and considered herself a hot ticket, although it is unclear that she ever actually played around. Earl was a drunk. He was also a 100% cold warrior who hated Figueres when in his cups, which was often. Earl made flagrant anti-Figueres remarks--which is to say he wasn't very bright. Earl's job was known to the Costa Rican government, and just about everybody else. It was CIA practice to notify the station chief and his deputy to "friendly" governments and sometimes to those not so friendly. Earl, the ambassador and maybe one other CIA officer were the only people in the embassy who knew about the bug at Figueres' house. All together, they added up to an accident waiting to happen.

Larry Harrison was one of the Agency for International Development (AID) bright lights in Latin America. He was smart, active and articulate--perfect for the Kennedy and Johnson years. He had to be to direct the AID mission in Costa Rica before he was 40. Since AID had resources to give away, Larry was an important person in the embassy and with the Costa Rican government. He was particularly close to Pepe Figueres' foster son. During his rapid rise in the bureaucracy, Larry had never learned about humility. He could be arrogant and high-handed at times. He also was a poor judge of human character and trusted too many of the wrong people. But Larry was a liberal who worked hard at doing good for Costa Rica. This was more than enough to make him

suspect with Walter Ploeser and the Nixon White House. Little wonder that the ambassador saw Larry as a rival to be eliminated at the first opportunity.

And then there was Sam Hart, your narrator, who was the chief of the economic and commercial section in the embassy and the AID public administrative division. At age 37, I was trying to end a disastrous marriage to a woman who believed my children were scheming monsters. The fact that I could do my job in little Costa Rica in 20 hours a week left plenty of time and energy for mischief. My relations with the ambassador were unsymmetrical. He thought I was a good economic technician. I came to see him as a disgrace to the U.S. government--a Fascist capable of doing our country real harm. As the months passed after his arrival in Costa Rica, it became clear that Walter Ploeser was a liar, a thief, a bigot, lazy and a coward. And because of his connections in Washington, he seemed to be invulnerable. Rabenold and I were far from close, but we got along. He didn't bother me and vice versa. Larry and I were a study in creative tension. I admired his intelligence and vision. He appreciated my professionalism. He was unhappy when I questioned some of his goals and methods. I disliked his arrogance. He was my boss when I had on my AID hat but not when I was in my Department role. We were two strong personalities who cooperated most of the time in an uneasy alliance.

Earl Williamson seemed to see me as a good ole macho southern boy. On the personal level I liked Earl well enough. Professionally I had no regard for him and was appalled that the CIA had given him a station.

The fact that Earl was in Costa Rica was symptomatic of a general problem. In the overall scheme of things, this staunch little democracy didn't count for much in the geopolitical picture. It wasn't worth wasting top quality U.S. resources on. Thus you could send Ploeser and Rabenold and Williamson there. Since nothing important happened in Costa Rica, what harm could they do? With luck, the answer would have been "not much." As it turned out, their ignorance about Costa Rica's people and political institutions, their lack of principles and the ideological mindset of the Nixon administration nearly caused a disaster.

This is as good a place as any to describe Costa Rica of 1970/71. It had been a solid democracy since 1949. Its two million people enjoyed good public education and health services. There was a large and growing middle class and income disparities were moderate by Latin American standards. No president could succeed himself. The two main political parties had won the top offices about an equal number of times. The powers of the president were limited, however. The Unicameral Legislative assembly had considerable clout and there was an independent judiciary. Business associations, labor unions, autonomous institutions and other groups made up a strong system of checks and balances. Costa Rica had no armed forces. The national police, the Guardia Civil, received some paramilitary training. In the two instances where Costa Rica has been attacked (both times by Nicaragua), it relied successfully on the OAS (Organization of American States) to come to its rescue. The idea of a loyal opposition between elections had taken root. The economy depended mostly on the export of coffee and bananas. With its high propensity to consume, Costa Rica would sink into economic crisis when the prices of its key exports fell. But people muddled through, and the country could rightly be called happy. The pace of life was slow, few people were ever hungry and nature was generally kind.

Walter Ploeser wandered into this little political utopia a few months into 1970. He came with good notices. At least he had previous diplomatic experience--as contrasted with Nixon's first choice for the post, a large campaign contributor who owned a chain of department stores. Ploeser had a pleasant manner learned in business and on the campaign trail. He accepted his need for an interpreter, but was horrified when it turned out to be a Hispanic/American. Consequently, if a Costa Rican didn't speak English, he was out of touch with the U.S. ambassador. Most days he would only be in the office a few hours, and much of that time was used tending to personal business and correspondence. He took little interest in the everyday operation of the embassy. That was seen as a plus too. Walter took frequent trips to Washington and Panama. When in country, this little roly-poly man of 65 or so filled out his days with hunting, fishing and golf.

In the months following this benign beginning, several disquieting tendencies began to develop which only later took on significance. Although Ploeser did not interfere with the Political Section's generally favorable evaluation of Figueres performance as president, he increasingly made cryptic critical remarks about Pepe in discussions with the staff. At first, the remarks seemed to be linked to Pepe's financial shenanigans, which were public knowledge. They then took on a "I know something you don't" air of mystery. Those of us who thought anything about this assumed it had to do with Ploeser's aversion to liberals like Figueres. Certainly the official relationship between them was no better than cool but correct. The personal chemistry was all bad. Another disturbing development was Ploeser's dislike and resentment of Larry Harrison. It was as if every morning Walter would ask his bathroom mirror "who is the most beautiful of them all." And the mirror would always answer "Larry". Walter decided to feed Larry a poisoned apple. Larry contributed to Ploeser's enmity by keeping his close personal contacts with the Figueres family and high government officials. He did little to counter Ploeser's conviction that Larry considered himself as an independent U.S. government force. Finally, by the last quarter of 1970 the Costa Rican rumor mill was producing a barrage of stories that local right-wing political forces were plotting a coup to depose Figueres. By December, a mysterious ship carrying arms was reported to have been seen on Costa Rica's Pacific coast. Newspapers speculated about the ghost ship's origins and about possible arms caches. Not surprisingly, some saw the sinister hand of the CIA. This speculation found some resonance in high places and among friends of the U.S. in the chilly environment prevailing in our bilateral relations. To many of us in the embassy, the situation was maddening.

The main factors which lent some credence to the idea that the U.S. might be involved in a plot against a democratically elected government were:

- the antipathy between Ploeser and Figueres.
- the general orientation of U.S. foreign policy towards
- Latin America after Allende's election.
- the conduct of Earl Williamson.

In late 1970 Earl had made an off-hand remark while drunk that Pepe might not be around by New Year's. This story was taken straight back to Figueres. Earl also liked to hang around and booze with opposition political figures at the Club Union in San Jose. In the shank of a long post-Christmas evening, Earl was heard singing along to a round of anti-Figueres songs. This was also duly reported to the president. He was not amused.

A few days into the New Year, Ploeser was called in by the Foreign Minister and told that Williamson was no longer welcome in Costa Rica because of his conduct. It is unclear whether an official declaration of persona non grata or something less formal was discussed. In either case, Earl was going to be history. Stories about what had happened promptly hit the local press. Notwithstanding denials by the embassy and the Foreign Minister, the press accounts were widely accepted. Things were very tense, but Earl had not left when the last week in January arrived. That was when the senior embassy staff learned that a special envoy from Washington would pay a short visit to San Jose. His name was Alan Stewart, and he had been the U.S. ambassador to Venezuela in the 1950's. As such he was well and favorably known to Romulo Betancourt's friends, like Pepe Figueres, in the democratic left in Latin America.

On the last Friday night in January, I had a couple of beers with the embassy TGIF regulars at a bar next door to the chancery. Larry Harrison had planned to work a little late, so I had arranged to get a ride home with him. He had an official car with a two-way radio and as we drove it was mentioned by one of the embassy drivers that Alan Stewart was at Pepe Figueres' farm, La Lucha. Larry thought that significant and was sure Stewart was delivering some important message from Washington. Larry dropped me off at home. I had dinner and went to bed about 11 PM without thinking much more about the Stewart matter.

At approximately 3 AM the phone woke me. It was Larry. He said that some unbelievable things were happening and that he needed to talk to me. I told him to come over and about 15 minutes later he arrived.

He related the following. After he got home, he had learned from Pepe's foster son the purpose of Stewart's visit. At La Lucha Pepe was told that we had incontrovertible information that he was cooperating with the USSR and Costa Rica's Communist Party and that he had better stop. Specifically, Pepe was pushing to legalize the communist party (which already was functioning under another name), to open diplomatic relations with the USSR and to agree to some communists being hired in minor government posts. In return, he had received money from the local and Soviet communists. Although Pepe was not told so, this information came from overheard conversations with the Costa Rican communist head and a Soviet diplomat in Pepe's living room. Pepe was deeply shaken at this warning and didn't deny that he planned to do most of the above. He said that it was Costa Rica's sovereign right to make such decisions, just as the U.S. had a communist party and diplomatic relations with the USSR.

Larry decided on the basis of what he heard from the foster son that he needed to talk to his friend and mentor, John Crimmins, who was the senior Deputy Assistant Secretary in the State Department's Latin American Bureau. Although Larry already had scheduled a business trip to Washington on the early flight the next morning, he thought he needed to find out what was going on before he left. He called Crimmins from the foster son's house and was told to keep his

mouth shut until he got to Washington. Larry made a second call demanding to know more now and Crimmins hung up on him. When Larry returned home after midnight, he saw what he thought were Costa Rican security people and somebody from the CIA station in the nearby streets watching his house. Not long after, the DCM, Pete Rabenold, had called and said the ambassador wanted Larry to come to his residence at once for a talk. Larry wouldn't say yes or nay and Pete wouldn't be more specific about the topic on the ambassador's mind. That is when Larry called me.

He asked me what he should do. I said he couldn't refuse to talk to Ploeser. Larry said he was afraid that the Marine guards or the CIA people would somehow take him into custody if he went. I said I would go with him and witness all that was said and done. I accompanied Larry back to his house and he called Rabenold and agreed to go see Ploeser. Rabenold told him that was no longer necessary but he was to have no further contact with the Costa Ricans or Washington before he left. Within a few hours I had taken Larry to the airport and seen him off. We were being watched by a CIA agent named Steve Vermillion. After Larry was gone, I went up to Steve and asked if he was having a nice day. He was obviously embarrassed. Then I went home and got some sleep, feeling I had done a reasonable night's work.

The following day, Sunday, I was at the golf club getting ready to play when Rabenold came up and said he wanted to see me in his office first thing Monday. He added that I was in deep trouble over the events of early Saturday. You can believe that put a hitch in my golf swing. Over the next 22 hours or so I tried to figure out what I had done wrong and came up blank.

By 8:30 AM on Monday I was in Rabenold's office. He came right to the point by saying that Larry Harrison had committed treason and that I seemed to be involved too. I responded that if the subject was treason, I had nothing to say to him and suggested that we get on a plane and go to Washington at once. Pete backed off some at that point and said he didn't believe that I had committed treason, but the ambassador did. What he needed, he continued, was to know what I knew about Larry's conversation with Costa Ricans on Friday night and early Saturday morning. I asked what treasonous act had occurred. He would only say that Larry had passed highly classified information to a foreign government. He wanted me to tell him to whom Larry had spoken and what had been said. I told Pete to ask Larry. My response wasn't needed in any case, he implied.

A moment of truth had arrived. All I really knew was that Larry had talked to Pepe's foster son and that the latter had described what had happened at La Lucha. I had no knowledge of Larry betraying any secrets. Larry's two conversations with John Crimmins over an open telephone line were another matter. It was clear by Larry's own account that he had lost control and said some explosive things about the U.S. government's actions in Costa Rica. I was pretty sure that I knew nothing that had not already been provided or soon would be by Larry or John Crimmins. Still, I was very reluctant to give anything in response to the tactics of threats and intimidation being used by Rabenold/Ploeser. Also, would I somehow be betraying a trust? It was a very hard choice which had to be made quickly. To this day I don't know whether I did the right thing. I told Rabenold what Larry had told me about the talk with the foster son. Rabenold seemed satisfied. That ended the most surreal 30 minutes of my life. My head was spinning as I left his office.



Within minutes I was on the phone to Polly Harrison, Larry's very bright wife. I told her all that had happened. Shortly thereafter I reached Larry in Washington and repeated the story. Over the next two or three weeks, I had frequent conversations with both Harrisons.

The "treason" which Larry was wrongly suspected of having committed was the betrayal of CIA "sources and methods" - i.e. the bug in Pepe's living room. In fact, he didn't learn of that until later. However, Larry was guilty, even in my mind, of a massive failure of judgment. The calls to Crimmins were not only out of line in terms of the chain-of-command, they also were serious security violations over an open phone. Furthermore, they were totally unnecessary unless some kind of coup against Figueres had to be stopped. It didn't appear that way to me.

The next few weeks were a mental jumble to me. Lacking any ground for criminal charges against Larry or to have him summarily fired from AID, Ploeser made a deal with the State Dept/AID that Larry would not be allowed to return to Costa Rica. His wife and children were permitted to stay in San Jose until the school year ended in April or May. Earl Williamson departed after a decent interval and was not immediately replaced. There was loads of speculation in the Costa Rican press about what was happening. Embassy and Foreign Ministry sources denied that anything was amiss. When instructed along this line by Rabenold, I told him to stick it--while I might lie for myself, I said, I wouldn't lie for my government because it was never the right thing to do. The Miami Herald, which had the best U.S. coverage of Latin America, picked up on the story and sent a reporter to San Jose. It published an article or two and an editorial about the tense mutual climate of suspicions which had developed in U.S./Costa Rican relations and put most of the blame on the U.S. I talked to the reporter off the record.

In a sense, this little drama seemed to have ended in a standoff! Ploeser's liberal bete noire, Larry Harrison, had been removed as had Pepe's right-wing enemy, Earl Williamson. In fact, the core issue of U.S. policy towards the Figueres administration remained. I hoped that the State Department would insist that a full-scale review be made including CIA involvement, if any, in Costa Rican coup plotting. It was evident that nobody in authority in Washington had any interest in such an exercise. The Secretary of State, William Rogers, was totally overshadowed by Henry Kissinger as NSC chief. Rogers shied away from all tough cases anyway, and the conduct of a well-placed, Republican political ambassador was a tough nut. The other, William Rogers, the Assistant Secretary of State for Latin America, was a Democrat new to the job. He wasn't anxious to take this on either. Dick Breen, the career AID officer in charge of Central American Affairs in State, was concerned about policy, but he had no real power.

As the public hubbub subsided, a couple of like-minded embassy colleagues and I decided that we would use two in-channel opportunities to force the issue:

--an upcoming State Department inspection of the entire embassy operation.

--an annual written, assessment of U.S. goals and

--objectives in Costa Rica, the Country Analysis and

--Strategy Paper (CASP). This was prepared by the  
--embassy country team and then considered by a senior  
--interagency group in Washington.

As I recall, the two State Department inspectors arrived in February. The senior man had a political reporting background and the other was an administrative specialist. In preliminary private meetings with the inspectors, I chummed the waters a bit with the idea that all was not well in the embassy, but I refrained from specifics. My standing with Ploeser and Rabenold since late January had been ambiguous. Neither knew enough economics to challenge my work in my assigned duties, but I had lost their confidence as a team player--i.e., somebody who followed orders without question. It was not something they would raise with the inspectors, however. My hope that the inspection would deal with core issues ended when the senior man had a massive heart attack and died in the ambassador's office during a staff meeting. The admin guy continued the inspection alone and delivered a complete whitewash. Ironically, the inspector also talked the ambassador into approving a meritorious honor award for my economic reporting.

That set the stage for the CASP exercise in March/April. The drafting committee was made up of two members of the Political Section, a CIA representative, a military rep and myself. We had long hours of discussion about what needed to be said and then began writing. I did the editing and redrafts. We concluded that U.S. interests in Costa Rica were best served by a prosperous, democratic society. The U.S. should continue to support progress to this end. Costa Rican institutions and the diffusion of political power protected the country from aberrations in the political system. We postulated that even if Pepe Figueres for some crazy reason wanted to sell his homeland to the Soviets, he would fail. Whatever reaction Rabenold had in the CASP, he kept it to himself. Ploeser was quick to react. He called a couple of us in and said he disagreed with all our major conclusions. He thought that legalization of the communist party, the opening of a Soviet embassy in San Jose and the presence of a handful of communists in the government bureaucracy could lead to a communist takeover. This was part of a Soviet plan to use Costa Rica as a base to take over Panama and, eventually, the Canal. The Canal was the key to choking the U.S. economically and militarily. He instructed us to rewrite the CASP to reflect this analysis. We pointed out that the CASP was an interagency exercise not subject to the control of one person. If he wanted his views added as a dissent, that would be fine, but we couldn't accept his ideas. In that case, Ploeser said, he would write his own CASP and we could dissent. This struck us as funny because he hadn't written a coherent paragraph since arriving in Costa Rica.

As it turned out, the ambassador's CASP was drafted by a U.S. Army MP Lt. Colonel who was the chief of the embassy military advisory mission, who most faithfully represented Ploeser's views. With this alternative CASP, the chiefs of various U.S. government agencies were forced to choose sides. When the dust settled, the Ploeser CASP was signed by the author and the ambassador. The first CASP was backed by everybody else, including the new acting CIA chief. Pete Rabenold signed neither. After lots of phone calls to Washington, the embassy was finally instructed to send both papers to the Latin American Bureau. There they were immediately buried in a filing cabinet with the hope that the whole episode, coming so quickly on the heels of the Harrison/Williamson farce would be forgotten. No such luck. Word had leaked all over State,

CIA and elsewhere about what had happened. The Miami Herald took up the cudgel against Ploeser again, calling for his replacement. I fully briefed a staffer of Florida Congressman Dante Fascell, Chief of the House Subcommittee on L.A., who came to San Jose to find out what was going on. The embassy was not full of happy campers.

I, for one, had decided that my position was untenable and that it was time to move on. Also, a transfer would allow me to split with my wife. The children and I would go one way and she would go the other. Personnel said they would see what could be done about a new post. About the middle of April I had heard nothing and had arranged an appointment with Assistant Secretary Rogers, who was in San Jose for an Organization of American States meeting. The day before my meeting was scheduled, I was talking with the wife of one of the embassy officers when she commented on how coy I was being about my upcoming transfer. She had heard from her husband, who had heard from his boss, who had heard from a golfing partner of Ploeser, who had heard Ploeser say a day or two previously on the golf course that I was leaving. He said that he had not arranged it.

I was more than a little upset. I stormed into Rabenold's office and asked what he knew and why I had heard about my transfer fifth hand. All he knew, he said, was that I was headed to Chile. He had no explanation for why I had not been told. Within 24 hours I had talked to my new prospective boss in Santiago and discovered that I was slated to be the third man in the joint Embassy economic operation. That was two steps below my present position. Although he did a good sell on the job, I told him I couldn't accept. Next I called the ARA personnel man in Washington, a total jerk named Sheldon Krys. Sheldon told me that I had asked for a transfer and Santiago was all that was available. His attitude was that Personnel was doing me a favor and that I should be grateful. I told Krys that wasn't good enough. It looked too much like I was being punished for something. I asked if the L.A. Bureau would release me if I found a better job elsewhere. He said okay provided the other bureau would supply a replacement for me: on that basis I bought a ticket to Washington with my own money. Within 24 hours I had found a job I wanted which was a step up. I notified Krys and returned to San Jose. The following day Krys called to say that L.A. Bureau would not release me. The whole business about letting me go had been a lie. Another call came from Chile. Feeling very tired and alone, I gave in and accepted the job. By early May the kids and I were headed south. I had a bad efficiency report in my file to show for the effort.

Are there any morals or lessons to be learned from this long and tangled tale? Not much, I'm afraid. Oh, one can go on about virtue being its own reward. Of course, that is true. In retrospect, I wouldn't have behaved any differently. I should have known before that courage was in short supply in the Foreign Service like everywhere else. Certainly I found out who were real friends. Peter Kreis, the acting AID Director was one of the most solid citizens.

As to these people involved, there were no real heroes. Some people took their professional obligations seriously, but most did not. To me, Ploeser and Williamson were not the real villains. I saw them as befuddled, pseudo-macho, drunk, cold warriors. They thought they were the good guys. My candidate for public enemy #1 was Rabenold. He knew better and could have blown the whistle, but he was a total coward whore. A couple of other senior staffers were from the same mold when the heat got high. If any proof were needed that the world ain't fair, this case

gives it. Rabenold got a promotion. Ploeser stayed on in Costa Rica for a full two year tour and then returned to private life in St. Louis. He was ineffective the rest of his tour, but Figueres thought the price in Washington for throwing him out was too high. U.S. aid to Costa Rica continued and no more was heard about Pepe selling the country to the Russians. The Soviets opened an embassy, but Figueres never allowed the local communist party to change its name from the PVP (Populist Vanguard Party). The two CASPs incident had rendered Ploeser impotent by making him appear ridiculous. Figueres served out his time without further trouble. Larry Harrison had several low profile jobs in Washington before he finally got another AID mission in Central America. He retired shortly after he reached 50.

Six weeks after leaving San Jose I was invited to Washington to receive the Rivkin Award for "creative dissent" from the American Foreign Service Association. Secretary of State Rogers gave it to me in public without realizing that the award would not have been necessary had he been doing his job properly. It turned out that being sent to Chile, even in semi-disgrace, was like Brer Rabbit in the briar patch. It led to four of the most interesting and intense four years of my life. But that is another story.

**EDWARD H. WILKINSON**  
**Vice Consul / General Services Officer**  
**San José (1969-1972)**

*Edward Wilkinson was born in Indiana in 1936. Mr. Wilkinson received his bachelor's degree at Purdue University and served in the army from 1957-1959. His career included positions in Philippines, Mexico, Costa Rica, Argentina, Taiwan, Ecuador, Korea, Thailand, and Germany. Mr. Wilkinson was interviewed by Charles Stuart Kennedy in April 2002.*

WILKINSON: My next assignment was in San José, Costa Rica, where both our children were born. I spent two years in Costa Rica doing quite similar things as I did in Mazatlán, although we did have immigrant visas in San José. For essentially the same reasons as in Mazatlán, Costa Rica was also a busy tourist place for American travelers. Nothing like today, perhaps, but under standards of those days it was quite busy.

*Q: So who was the ambassador at the time in San José?*

WILKINSON: I was there just two years, and probably during fifteen months of that time, our ambassador was Walter C. Ploeser. Ambassador Ploeser had been an ambassador before in Paraguay. When we arrived, Mr. Sandy Pringle was Chargé d'Affaires.

*Q: What was the consular work like? Were you the only consular officer there?*

WILKINSON: No, I had a boss, Consul Jim Kerr. It was just two of us there in the consular section during the vast majority of my time in San José. After I spent several months as vice consul under Jim Kerr, Mr. Ploeser arrived as ambassador. Because he didn't speak Spanish,

Ambassador Ploeser asked for a full-time interpreter. Well, at small posts like that, the State Department doesn't provide a professional interpreter. So to try to be helpful, Personnel found a vice consul in Monterrey, Mexico, José Fernandez, a Puerto Rican, who's Spanish, of course, was perfectly fluent. The idea was that I would go to back up to Monterrey and take José's place, and José would transfer to San José, replace me and be vice consul as well as be the ambassador's interpreter when needed.

On the very day that I heard about this plan, I found that my wife Lisa was pregnant with our first child. So, as it turns out, somebody else replaced José in Monterrey, and I ended up as the number two general services officer, a position that fortunately for me became vacant about that time. José arrived in San José and replaced me as vice consul, and I spent about six months as assistant GSO. Then when the consul, Jim Kerr, was transferred, I went back to the consular section. So for the last four or five months of my tour in Costa Rica, José and I were the two consular officers there.

*Q: What was consular work like in Costa Rica?*

WILKINSON: It was a bigger variation of what we did in Mazatlán in the sense that there were a relatively large number of tourists who came there and got themselves into trouble. And we did more non-immigrant visas as well as have an immigrant visas operation. All told, it was the kind of work we were doing in many, many places over the world in those days. But between the two of us and our Costa Rican staff, it was manageable.

We certainly lived a fairly decent life in Costa Rica. I can recall one evening being called by the duty officer who had a problem he wasn't sure how to handle with an American who had been arrested. I went over to a nearby jail to find the arrested American. He was in the "tank" with twenty or thirty other people, mostly drunks. Apart from being drunk and, I assume, disorderly, the American had some sort of a medical problem. The police recognized that he had a problem. They were willing just to let him to go back to his hotel and get out of their hair, but they wanted somebody to come and get him. So I went over there and the rest was easy. I took him to his hotel without further problems. But, what an experience to see the number of drunks in the tank. I suppose it's the sort of thing the police everywhere deal with every Saturday night of the world.

*Q: I think it's probably a good time to stop and we'll pick this up next time. When did you leave Costa Rica?*

WILKINSON: We left there in January of '72. Our two children, Thomas and Anna Lisa, were born there. As a "staff" officer, I was not on the diplomatic list so, under Costa Rican law, *jus soli*, both children acquired Costa Rican citizenship, as well as U.S. citizenship.

**JAMES F. MACK**  
**Political/Labor Officer**  
**San José (1971-1972)**

**Political/Labor Officer  
San José (1973-1975)**

*Ambassador Mack was born in Connecticut and raised in New York State. After graduating from Cornell University, he joined the Peace Corps and served in Honduras. In 1966 he joined the State Department and was sent to Vietnam in the CORDS program. Mr. Mack's other overseas service was primarily in Latin American where he served as Political Officer and Deputy Chief of Mission at a number of posts before being named US Ambassador to Guyana. Ambassador Mack was interviewed by Charles Stuart Kennedy March 20<sup>th</sup>, 2004.*

MACK: The interlude is that in late '71, I was offered an assignment as Political/Labor Officer in San Jose, Costa Rica. Since I wanted to get back to Latin-America, I welcomed that assignment. I got married just before I left. My wife Sheila and I drove from Washington to San Jose, a wonderful trip which, including stops and a visit to my old Peace Corps town in Honduras, took about 3 weeks. Costa Rica was an open, democratic country, a delightful place, and it was easy to work there as a political/labor officer. I had been at post about a year when, at the end of 1972, I think around Christmas, the Paris Peace Accords were signed.

*Q: Where did you go when you finished your 6 month TDY in Vietnam?*

MACK: I went back and finished my tour in Costa Rica. And after I finished there I had the opportunity to serve in Brazil. I had always wanted to serve in a Portuguese speaking country so I requested an assignment in Brazil. After Portuguese language training, I was assigned as a Labor Officer at the Consulate General in Sao Paulo.

*Q: Costa Rica is always held up as being the golden country of Central America. How did you find it there?*

MACK: Well Costa Rica really was an island of democracy, in a sea of dictatorship. It was really an open society. As a political/labor officer I had total access to almost everybody. And it was a great assignment and a delightful place to live. The climate was ideal in San Jose up on the Meseta Central. Warm in the day and cool at night. There were a lot of things to do on weekends. We liked to hike and did a lot of backpacking. At that point, we had no children so we were basically free to do whatever we wanted.

That said, the Costa Ricans for years very successfully milked their democratic status with the US. As a result they received economic assistance for much longer and in far greater quantities than their relatively advanced economic level of development justified.

*Q: You were a labor officer. We also had strong AFL-CIO representation there. How did you work with this reality?*

MACK: Fine! I had just gone through the labor officer training short course, which included orientation sessions at AFL-CIO headquarters in Washington. The AFL-CIO (AIFLD) officer in

Costa Rica named Russo was a good guy and we got along very well. He worked with Costa Rica's democratic labor organizations and we really did not have any problems. Remember I was a Junior Officer. I was not making and shaping U.S. policy. Not that we had to make and shape anything in Costa Rica.

*Q: How about United Fruit? Was it there?*

MACK: Yes. United Fruit had a plantation on the Pacific coast and Standard Fruit Company had two on the Caribbean side.

*Q: Were the banana workers organized?*

MACK: Yes, they were well organized, and if I remember correctly were democratic unions, strong, strong unions. I can't remember any horrible labor strife in the banana zone while I was there. My memory may fail me but the workers there on the average were much more handsomely paid and much better taken care of than average rural worker in Costa Rica. I found that was the case in Honduras too by the way. But the United Fruit Company was always a political punching bag because it had gotten involved in local politics in the old days and represented an important part of region's exports. But in Costa Rica in the 70s, they really did not occupy the lions share of the economy. They were not insignificant, but at that time, in addition to bananas, Costa Rica produced coffee, cattle and sugar. Also, bananas were grown on the coasts, not in the central highlands where most the population lived. So, it was not a hostile environment.

*Q: Well, then you took Portuguese here in Washington?*

MACK: Yes, I did.

*Q: When did you leave Costa Rica?*

MACK: I left in mid '75, took four or five months of Portuguese language training and at the end of the year went to Sao Paulo.

**BARBARA SHELBY MERELLO**  
**Cultural Attaché, USIA**  
**San José (1973-1975)**

*Barbara Shelby Merello joined USIA in 1959. Her overseas postings included Brazil, Peru, Spain, Costa Rica, and Argentina. Ms. Merello was interviewed by Lewis Hoffacker in 2000.*

MERELLO: Well, after Barcelona, which I really hated to leave - I loved it there - I was sent as cultural attaché to Costa Rica, and it was a very good country to work in because it's a democratic country - you could do all sorts of things that you couldn't do in other places - and

also it was small enough that you could know all the government officials and all the people who were in charge of anything. So we had some interesting programs. For instance, every year we had an enormous sort of seminar for secondary school teachers from all over the country, and it would always be on a different aspect of American history. The year I did it it was on the Roosevelt era. It was very worthwhile, I think. We had some good speakers and good materials, and many, many, many teachers. And that was very satisfying.

It was hard socially because after being in Barcelona and being one of the belles of the ball, so to speak, going to Costa Rica, which is very much a family place (and of course, I didn't have a family then), and people got up early and went to bed early, and it was quite a letdown. But as far as the work was concerned, it was a very good place to work and to have the satisfaction of really communicating with people and exchanging ideas, which is always what I love.

**JOSEPH G. SULLIVAN**  
**Costa Rica Desk Officer**  
**Washington, DC (1973-1975)**

*Ambassador Sullivan was born and raised in Massachusetts and educated at Tufts, Georgetown and Yale Universities. Entering the Foreign Service in 1970, he served in the Department of State in Washington, D.C. as well as in posts abroad. His foreign posts include Mexico City, Lisbon, Tel Aviv and Havana. Mr. Sullivan served as US Ambassador to Angola from 1998 to 2001 and as Ambassador to Zimbabwe from 2001 to 2004. Ambassador Sullivan was interviewed by Charles Stuart Kennedy in 2009.*

*Q: Well then you left there in what?*

SULLIVAN: '73 February of '73. We had our first child in December of '72 and then left in February of '73. At that point after some correspondence and seeking to go to Africa, I had corresponded with Janet Hall Diggs who was my assignments officer, spouse of Congressman Charley Diggs. She found me a good African assignment in Kampala, Uganda, and I was happy to take it. My wife was a doubtful because Idi Amin was President at the time, but we set about ordering our consumables and getting ready to ship out after a short home leave. About half way through the home leave I got a phone call, like my Vera Cruz experience, you know, "you aren't going to Kampala, we can't tell you why but we'll find something else for you". Then a week or ten days later another call saying come on down to Washington and you'll work there as Costa Rica desk officer.

*Q: Was this when Bob Keeley was evacuating the Embassy?*

SULLIVAN: Yeah, that's right. Bob Keeley actually wrote a chapter on that experience in a book I would put together in the 1990's called "Embassies Under Siege." Bob Keeley as Charge d'affaires and the Department were indeed planning to close the embassy in Kampala and were being very discreet in leaving quietly.



*Q: Like from The Sound of Music singing a farewell song because Idi Amin was well nuts.*

SULLIVAN: And capable of doing anything.

*Q: Yeah and so we just sort of backed out very quietly.*

SULLIVAN: So I didn't go to Kampala and, as I learned later as well, the reason I became Costa Rica desk officer was after the Nicaraguan earthquake in December of 1972, our consul there who came under a lot of pressure, committed suicide and they wound up pulling the Costa Rican desk officer Dick Milton out to be consul in Managua and therefore looking for a replacement. So lo and behold, a new position was available for me.

*Q: So you had...*

SULLIVAN: The Costa Rica desk.

*Q: The Costa Rica desk. How long were you on the Costa Rica desk?*

SULLIVAN: Two years.

*Q: That was from '70...*

SULLIVAN: That was about from March of '73 through about April of '75.

*Q: Now I've interviewed I think it was Curtin Windsor...*

SULLIVAN: Windsor was not there in my time; in my time the ambassadors were Viron Pete Vaky and later Terry Todman.

*Q: Well these are, of course, two...*

SULLIVAN: Two super stars.

*Q: ...super stars and not just in the Latin American circuit but in the Foreign Service. But Costa Rica from what I gather is one place that not a hell of a lot was happens.*

SULLIVAN: That's right. In those years there was something of greater interest to us. As always one of the interesting things about being a desk officer is there is always an issue and you wind up learning more about that particular issue than you ever thought you would in the world and in that case it was Vesco, Robert Vesco, and his swindling of Americans; I guess a predecessor of Madoff.

*Q: It was a ponzi scheme and Vesco was very much in the headlines, he kept hopping around. He finally died a few years ago in Cuba.*

SULLIVAN: Just a few years ago in Cuba. So later I didn't quite run into him while I was in Cuba in the 1990's, but I could have if I wanted to.

*Q: Well could you talk a bit about Vesco and what was going on?*

SULLIVAN: Well he had both perpetrated this scheme that was being investigated and for which he was charged and then he fled the United States. I don't recall whether he went immediately to Costa Rica but he certainly was in Costa Rica by the time I inherited the job and he used that presence to shelter himself from persecution. He contributed to the political figures there at the time, President Pepe Figueres, who had been a long time friend of the United States but was not above being seduced by money. Vesco invested together with Figueres in a lumber business. I don't whether in Pepe Figueres' mind, he might have convinced himself that he was not taking the money for himself, but investing in business that would be good for Costa Rica. So Figueres had a big lumber operation that Vesco's money was deeply involved in.

Then Daniel Oduber succeeded Figueres in '74 and he also was, I think, became beholden to Vesco and Vesco eventually beat the extradition case that the U.S. pursued in Costa Rica, I think it was an interesting precedent. On the one hand, the Security and Exchange Commission was totally focused on this extradition issue and pressing hard for Vesco's return. The State Department was working with them to try and resolve it through extradition. I think at that time probably we didn't do complicated extraditions very well, we expected people to hand people over based on "probable cause", once we had issued an indictment, without necessarily having to prove their guilt. A number of courts, particularly in Latin America, have been and probably, by then, were increasingly becoming reluctant to turn people over based on "probable cause". Do I think that was the critical reason? No, I think the critical reason was that Vesco managed to get into the Costa Rican system and corrupt the system. But the judicial process in Costa Rica is more independent than most, and had we done a better job of presenting our extradition, I think we would have had a better chance of prevailing; but in the end we did not.

*Q: Was there anything else going on in Costa Rica? Dissident groups, people up in the mountains, that sort of thing?*

SULLIVAN: None of that, but Pepe Figueres had a hare-brained scheme to impose a banana tax so that he could match the performance of the OPEC oil cartel to raise the price of bananas internationally. Of course, that was something that was not going to work, but also pitted him directly against the American companies who dominated the banana business.

*Q: Well there had been banana wars with the Europeans too because they had in Somalia the Italians had...I mean bananas are not a benign fruit.*

SULLIVAN: Yeah. Well that is sort of the left over of the colonial protections and advantages that Europeans traditionally gave their former colonies.

*Q: You were sort of part of the Central American group. Were we concerned with various rebel forces around in the area?*

SULLIVAN: Nicaragua at the time was beginning to be problematic and I was the backup Nicaragua desk officer while the Nicaragua desk officer was away. So there were several instances where that erupted. In one case, there had been a kidnapping of a group at a reception in Nicaragua; I don't think there were any Americans involved, but the American Ambassador had been there earlier that evening and Sevilla Sacasa, the long term Nicaraguan ambassador to the United States and relative of Nicaraguan President Somoza was there. The Nicaraguan government decided to pay a ransom and they wanted it in cash. They asked us to help them get it from their account in New York through the Federal Reserve Bank in New York. So on a late Saturday night early Sunday morning, I flew up to New York with the Nicaraguan charge d'affaires during the Christmas season, as I recall, and testified that he was a Nicaraguan diplomatic official. He was given a satchel of millions of dollars and flew to Nicaragua to deliver the ransom. The kidnapers, of course, were a variation of the Sandinistas who carried out that raid. There was a later raid that was even more spectacular, but the December, 1974 raid was one of the first.

*Q: Well I'm surprised that you were allowed to do that because this is during the Nixon administration.*

SULLIVAN: Okay.

*Q: And we were taking a very hard line on pay offs if our people were kidnapped so the idea that we were helping somebody else sounds like it almost happened underneath the radar...*

SULLIVAN: Yes, I agree with you and I don't recall the specifics but certainly one could have made an argument that we will not facilitate it, but nobody made that argument and the Nicaraguan President Somoza had authorized the payment to secure the release of Nicaraguan citizens.

*Q: Did you pick up any reflections of the earthquake in Nicaragua where the ambassador, I think it was Shelton Vance, was it?*

SULLIVAN: The ambassador was a political appointee, Turner B. Shelton.

*Q: Turner B. Shelton, yeah.*

SULLIVAN: There was a controversy and you undoubtedly interviewed Jim Cheek.

*Q: Uh huh.*

SULLIVAN: I'll provide a little bit of that but most of that is secondhand although I came to know Jim very well visiting him in my capacity as backup Nicaragua officer but also later on when we were both involved in Latin American affairs in Washington. But Turner B. Shelton was a very unpleasant man who had joined himself at the hip with Somoza. Jim Cheek made a very good argument in a dissent channel cable that we needed to distance ourselves from Somoza and force him to open up more and that we had such leverage that we had the capacity to do that and to avoid future problems. It was a very prescient cable in 1973; five or six years

before the Nicaraguan situation really blew up. I followed the course of that cable and it was read, but I think overall the decision back in '74 would have been not to disturb sleeping dogs. Kissinger's attitude was not to look for trouble where trouble had not yet arrived. There were enough other problems in the world, there was a Middle East disengagement negotiation going on, there were all kinds of crazies around the world, we didn't need to go looking for trouble.

*Q: I recall when I interviewed Curt Windsor he was saying the highest-ranking American government official to visit there was the lieutenant governor of Mississippi.*

SULLIVAN: What I do remember being personally involved in the selection of a Congressional delegation to Somoza's 1974 presidential inauguration after an election of marginal quality that he had held. The administration wasn't interested in being represented at a high level. There were very few Congress people who were interested and the Senator who wound up heading the delegation, Curtis of Nebraska, as I recall, or Kansas, was pretty low ranked within the Senate itself. But, of course, once he went he then became a major advocate for Somoza alongside influential Congressman John Murphy of New York who had been a West Point classmate of Somoza.

*Q: Our relations with Somoza were terribly personal.*

SULLIVAN: Yeah, but not at the highest level, you know really relatively low stuff but it was high enough to...

*Q: High enough because nobody else gave a damn.*

SULLIVAN: That's right.

*Q: If you've got a Congressman who is really interested...*

SULLIVAN: Correct.

*Q: ...in something and nobody else really cares it's just ineffective.*

SULLIVAN: Johnny Murphy, as I recall, had one key appropriations committee position, but he wasn't a major hitter and Curtis certainly was anything but; but as things developed they became advocates for close relations with Somoza, and as you say, there wasn't anybody really at high levels at the Department or in the Congress who cared enough or saw it as enough of an imminent danger compared to all the other imminent dangers out there.

*Q: Well looking at this here you are a relatively junior officer in a relatively junior country but you are also getting a look even if it's the country over the border of your area of Washington and political influence and all. This had to give you a fairly good idea of Washington and power didn't it?*

SULLIVAN: Yeah and it was interesting. I mean the relationship with the Congress there was a then Senator from Florida, Lawton Chiles, who took an interest in Costa Rica and traveled there

and it became a long-standing relationship. The relationship with the Congress was also a vantage point on that relationship and working for the first time on countries with assistance programs like Costa Rica and Nicaragua was instructive. I also could see that US post earthquake relief assistance to Nicaragua from 1973 become in a lot of ways the straw that broke the camels back. Somoza was, I think, mildly repressive before the earthquake but after the earthquake he really came to insist on dominating the cement industry so he could dominate the reconstruction efforts. He became ever more rich and ever more repressive of anybody who opposed. The US had the opportunity to object and we didn't object and we let our assistance go forward even though we knew that he was benefiting mightily from it and was being increasingly repressive.

*Q: Was there any thought at all given...one of the things about Costa Rica is that it doesn't have an army, it has a police force. Was there any pressure within our own government to say hey these guys ought to have an army, everybody's got an army, or not?*

SULLIVAN: I don't think so, although narcotics was a lesser level of preoccupation then and Costa Rica was not at that point a major transit point. In terms of efficiency of their own institutions, the security sector was terribly inefficient because the Costa Ricans would turn over the entire police leadership with every change of administration. This did, of course, have the benefit of not creating a powerful armed force capable of intervening in politics.

**TERENCE A. TODMAN**  
**Ambassador**  
**Costa Rica (1974-1977)**

*Ambassador Terence A. Todman was born in 1926 and raised in St. Thomas, Virgin Islands. He attended the Polytechnic Institute of Puerto Rico and served in the U.S. Army. Ambassador Todman received a bachelor's degree from Syracuse University. His Foreign Service career included positions in Tunisia, Togo, Chad, Guinea, Costa Rica, Spain, Denmark, and Argentina. He was interviewed by Michael Krenn on June 13, 1995.*

*Q: You read so many books about people who worked in the State Department during that time and their relationship with Kissinger, not very good. What did you think of the Nixon-Kissinger team in terms of foreign policy and your working relationship with them?*

TODMAN: Well, I started out on, I suppose, the wrong foot with Kissinger from my Guinea experience. Because I was pushing for freedom for the African countries and Kissinger was supporting the Portuguese empire, so that was not a very good start. When I came back, when I was getting near the end of that, I made it very clear that I did not wish to go back to Africa, back to any black-ruled country. I said, I have Arabic, I have Spanish, I have French, I have experience and I have to go someplace outside the traditional African places. That was not a nice thing to be facing them with either. So, "Well, you don't have enough experience for our large countries, so we don't really quite know what we can do with you." And I said, "Well, you figure it out, but I'm not going to another one of these." And the question was, "Well, when will you be

ready to go?" I said, "Anytime. I will go directly from this conversation, if you've got a place for me to go to, or I'll sit in Guinea until you've got a place. Timing is not a factor, so feel free on that." "Where would you like to go?" "I'll go anywhere, except one of the black-ruled countries, Africa or the Caribbean, no. But you pick it, anywhere. I've got the languages I've told you, and if I don't have it for a country, I'll learn it and I will. So, it's up to you." And this was a problem for them. At that time, they couldn't get the man who that they had named for Costa Rica confirmed. It was a young fellow Nixon had brought in and wanted to get him to go down once, and then come back as assistant secretary, whose name escapes me at the moment. But, they couldn't get him confirmed. And the Costa Ricans were starting to complain, because they had been waiting for a long time without an ambassador. Also, [Robert] Vesco had just gone into Costa Rica. So, you've got Vesco who's gone down, they can't get [Stanton D.] Anderson confirmed as the ambassador, you've got the Costa Ricans complaining, you've got this black guy out in Guinea saying that he's got to get out of Africa and not go to the Caribbean. And somebody came up with this really unusual idea of let's kill three birds with one stone, or four, Todman to Costa Rica. It'll serve them right. And you know, we'll get this done. And that's how I got appointed to Costa Rica. And the first meeting with Kissinger, again, with the Foreign Minister was not a very good one. Because, I had read a lot about Costa Rica, I knew about some of the problems they were facing. And Kissinger was saying something in that meeting with Fascio, the Foreign Minister, that I didn't agree with. And I said so. Kissinger was furious: "You see vat I've got to deal with?" But, Kissinger came and visited while I was ambassador to Costa Rica, everything went very well. And Kissinger understood I was a professional. And we developed a feeling of, really, mutual respect and liking that made for an excellent working relationship. He knew that I didn't speak without having thought about what it was, that I would stand up for what I believed in, that I was respectful, but that I wasn't a "yes" person. I think he got to like that and the result is that Kissinger says that he discovered me and put me up there. And I said, "Yes, thank you very much." It's fine, why not? But we still get along exceedingly well and I know that we have a good feeling about each other. We did have these times where there were things presented, but...

*Q: You say that you were eager to get out of Guinea, anyplace...*

TODMAN: Out of Africa, out of Africa.

*Q: But Costa Rica, when that came up, was that an exciting possibility for you?*

TODMAN: It was getting out of Africa, it wasn't where I was going to. I wasn't looking to go to Costa Rica. What I have insisted all along, and I continue to insist, that Foreign Service Officers, whoever they are, should have the opportunity and the possibility to serve anywhere in the world. I resented, and I still resent, the "ghetto" assignment of blacks to Africa or to Caribbean nations. I resent it. I resented it then and I still do. And the United States still does that. We haven't learned a thing over all these years.

*Q: Right, it's about eighty percent [of black appointments go to Africa or the Caribbean.]*

TODMAN: And it was the old story then about, you know, the Costa Ricans wouldn't like this, wouldn't take this. The only people who ever showed any reserve were the Americans living in

Costa Rica. And I could care less, because I was not appointed to them. And the Costa Ricans could not have been nicer. And once they saw, those Americans, the nature, closeness and strength of relations with the Costa Ricans, then they all sort of came around. Because to be in with the ambassador becomes a great thing and I knew that that's what it would be. So they came around and I said, "Well, if I get some time I'll see you." It worked it's way out after a while. But, you know, it wasn't for me, "How exciting, I'm going to Costa Rica." For me, it was, "I am breaking out of this ridiculous mold of being assigned only to black countries." Here I was trained as an Arabist, but they can't send me to an Arab country. Once they got their hooks into me in Africa, "This is it buddy. You escaped for a while, but we've got you now." But I was determined that that was going to end. I'm thoroughly delighted that it turned out to be Costa Rica, because I haven't lived with a more wonderful people ever, a nicer people, a great place. And I was there during an exciting time also, because it was a time when the Nicaraguan movement, the Sandinistas, started spilling over the border as the fight with Somoza got to be bigger. And to be in a country that's pure democracy, where elections are a party, where members of the same family belong to different parties, go out and cheer for their parties, come back home and everything is fine. Where, you know, beautiful theater and good concerts and education was very important. A really civilized country, very, very lovely people. It just couldn't have been better. And then on the substance, those issues did come up. So it got to matter, also.

*Q: Yes, there were a couple of major issues. You mentioned the Vesco issue, which is back in the news once again.*

TODMAN: Oh, lord, I had some face-downs with that guy. He was convinced that I was there to get him, and I had on three occasions where we were both in the same place. And one of them was really scary, because he brought out all of his heavy artillery, and I mean heavy artillery: six, seven or eight guards with submachine guns and everything. And then sat there, sort of, "Come get me if you dare." I hadn't any intentions of getting Vesco! I had a couple of scary encounters with him, because he felt, always, that I was trying to catch him someplace I could get my hands on him and pull him out. But that wasn't the point. As a matter of fact, one of the things that happened there was that we were trying to build a case against him, wire fraud, mail fraud was one of the big charges. The Justice Department finally said it was too much, too expensive to try and too much trouble, so to drop the whole thing. This was a real disappointment to me, because it was quite clear, if it's too much money, too much bother, you're not going to pursue it. But you're right, there were several things.

*Q: Were you given any kinds of directives concerning Vesco? Were you supposed to pressure the Costa Rican government to try and get them to do something about the situation?*

TODMAN: Well, not pressure, but, you know, to make sure that they understood our interest in getting him back, yeah. And actually I had several sort of suggestions, that people might be able to get him on an airplane. No, no, no, we're going to do this properly and legally. And we were never able to. They weren't about to really... the extradition, the expulsion. So, we were never able to do it.

*Q: Continuing on Costa Rica, you mentioned that one of the major problems you had was the spillover from the problems in Nicaragua. What kind of directives were you given in terms of what was going to be the U.S. policy toward all of this, in terms of aiding Costa Rica, or doing something about the situation?*

TODMAN: Protection for the Costa Rican democracy was uppermost. And the fact that Costa Rica has no army, we knew it had no army and could not defend itself against incursions, was a major consideration for us. So, it was a question of making sure that the Costa Ricans were reassured that we wouldn't stand by and see them abused, overrun. But also that the Nicaraguans, particularly Somoza, knew the same thing. Because it was a question of the Sandinistas and the Nicaraguan Army, the combat from that, spilling over. So, it was important that the army understood that so you didn't get into pursuit and consequent fighting on Costa Rican soil, which would be detrimental to Costa Rica.

*Q: Of course, there had been a long history of animosity between Costa Rica and Nicaragua, going years and years and years back. Was that still a real problem when you were there in Costa Rica? Was there this real animosity toward Somoza and his regime in Nicaragua?*

TODMAN: It was there, but it was somehow influenced by the fact that they didn't like some of the things that the Sandinistas did either. Because the communist connection was very clear to them, and so to go, stand up for that against..., they didn't like either one. I think that what would have normally been the great opposition to what was going on, to the government and its activities, were somewhat attenuated by the negative reaction to the Sandinista communist move. And they sort of got caught midway between these two things.

*Q: What were the Costa Ricans asking for, from the United States? Did they ever ask for any direct military assistance?*

TODMAN: No. They were just concerned should things reach the stage where there was any problem that they would know that they could count on our country. They didn't want anything in, because the hope was that it would be contained. And, they were interested in making sure that we let the Nicaraguans know that we would not, we wouldn't tolerate their causing any major problems for Costa Rica.

*Q: Did you travel much through the Central American area, outside of Costa Rica?*

TODMAN: Very much so. I went to all of the countries.

*Q: Going through the 1940s, 50s and into the 60s, every State Department report about Central America always singled out Costa Rica as such a different country. Could you really distinctly see that as you went through your travels?*

TODMAN: Well, one of the things about Costa Rica that you could see was,... yes you could. The Costa Rican population was very much more educated and this was very, very clear. For example, your agricultural assistance programs, you could send literature out and say, "Do it this way," and you know they'll be able to read it and figure out how to do it. In the other places, you



could not do the same thing. The Indian element, the content of the population, is far more pronounced in the other countries than it is in Costa Rica. The black element in Costa Rica is down at the Urdn and doesn't participate inside and is a small amount in the, in a couple of the other countries. But I guess that it's the predominance of the Indian that you could feel. But the result of this combination of the culture and homogeneity and more European type population meant that your structure, physical appearance was different and the cultural elements within the country were different. You knew that the opera house, the concert hall was the center of things. The Little Colon theater. And there were schools all over and the children were, they looked better. And they were out there. You got a feeling of a more prosperous, a different approach than you did in the other countries. You could feel it.

*Q: Your service in Costa Rica went to 1977, so that would have been with the election in 1976. What did the Costa Ricans think about the change over from the long Republican rule of Nixon and, of course, Ford, and then with now Carter? What was their feeling?*

TODMAN: I left too soon to get a real feel for this. But I think it was one of great expectation of what was going to come because of the Democrats. A feeling that there would be more understanding, more reaching out, more sympathy.

*Q: While you were there in Costa Rica you received the Superior Honor Award in 1976 from the State Department.*

TODMAN: I don't remember. I really don't remember. They look at something that you've done over a period of time and, you know, at the time it works out. But I honestly don't remember what it was.

*Q: In 1977, with the coming to power of the Carter Administration, you were called back to Washington and made Assistant Secretary of State for Inter-American Affairs, the first black to ever be made head of one of the geographical divisions. Was that quite a surprising job offer for you from the Carter Administration?*

TODMAN: Is sure as hell was! It certainly was. I couldn't believe it. As a matter of fact, it's rather curious because I got this call from Peter Tarnoff saying that Secretary Vance, the designate..

**JACK R. BINNS**  
**Deputy Chief of Mission**  
**San José (1979-1980)**

*Jack R. Binns was born in Oregon in 1933. He received a bachelor's of science from the Naval Academy in 1956 and subsequently served overseas with the U.S. Navy. In 1963, he joined the Foreign Service, serving in Guatemala, La Paz, and San Salvador. Mr. Binns was interviewed by Charles Stuart Kennedy in 1990.*

*Q: Your next assignment came in 1979 as Deputy chief of Mission in San Jose, Costa Rica. You were there for a little more than a year. How did you feel about that assignment?*

BINNS: It was a great assignment. I lobbied hard to get it and I got it. After I got there, the Ambassador stayed for a couple of months and then went on leave, returned briefly and went on to another post. So I was Chargé for nine of the thirteen months I was there.

Costa Rica was a dramatic change from my previous assignments in Central America. Costa Rica is absolutely atypical for Central America. It is a social democracy; there is relative economic equity; the wealth of the nation is spread relatively evenly. The literacy rate was somewhere in the 90 percentile. There was no abject poverty. It was a very delightful place.

*Q: Were there any particular problems?*

BINNS: I got to Costa Rica about a week after the Sandinistas had taken power in Nicaragua. So most of our efforts were related in one form or another to Nicaragua and to Cuba, as well. The Costa Ricans had agreed to allow Cuba to use their country as the resupply point for the Sandinistas during the last year before they took power. They had gained considerable ground in Costa Rica and had unusual relationship with the President and his family. They paid substantial amounts of money to the President's son in order to get the supply base rights.

*Q: What was the US role in Costa Rica while the Sandinistas were using the country as a base?*

BINNS: We certainly voiced objections. We felt that it was an unwise thing for the Costa Ricans to do. I was not in Costa Rican during this period. But I know that we thought it was improper according to international law; we thought it was a short-sighted Costa Rican policy--probably senseless; we thought that rather than supporting the Sandinistas, they would have been wiser to support our efforts and those of the OAS to force Somoza out and replace him with a transitional government. They didn't agree and being a sovereign state, they conducted themselves accordingly.

*Q: When you arrived in Costa Rica, the Sandinistas were establishing themselves in Nicaragua. How did that impact US-Costa Rican relationships?*

BINNS: After the fact--and perhaps even before--, the Costa Ricans realized that there was a risk with the Sandinistas--being Marxists-Leninists-- might not be democratic reformers. They certainly liked to think that the Sandinistas were the latter; there were some reasons to believe that. There were some people in the Sandinista movement who were legitimate democrats. When I got to Costa Rica, we were in a pragmatic mode. The Costa Ricans had approached us and told us that they could have some influence with the Sandinistas; that the Sandinistas owed them a lot and that the Costa Ricans would try to use that influence to get a viable democracy established in Nicaragua. We told them we would be most pleased to cooperate to achieve that end. We started to put joint programs together, discussing ideas on what might be done to keep the Sandinistas "honest" and force them to hold open and free elections for Somoza's successor. They were unsuccessful.

*Q: How did you see the Sandinistas and the Nicaraguan situation?*

BINNS: I viewed the situation with considerable concern, but not alarm. I tended to feel, based on my experiences in the region and in London where we exchanged a lot of views with the British, including the Labor Party and the socialist International--both supported the Sandinistas--about the Sandinistas. There was considerable hope that the Sandinistas could serve as a basis for democratic regime as opposed to a totalitarian leftist government. That was ultimately proven incorrect in part because it was self-fulfilling prophecy. There were people who said there was no choice, that they would become totalitarian and therefore we should treat them as such from the onset. If you would talk to Larry Pezzulo, who was in the best position to know because he dealt with the Sandinista government for a couple of years as our Ambassador, he would tell you that had we adopted a different policy, events might have turned out differently. There was some role for American influence; to be sure, less than we would have hoped for, but there was some.

For example, shortly after the Sandinistas took power, they asked the Costa Ricans to help them with their educational system. They wanted to replicate the Costa Rican experience; they wanted to educate their people. They asked the Cost Ricans for any surplus teachers--e.g. retired--who would be willing to go to Nicaragua to put a program together. Both countries became interested in the project, but neither had the money for it. So we were asked to fund it. We told the Cost Ricans we would review it. It was not a project that US could fund, so we went to the World Bank, which was willing to fund something like 400 teachers on a grant basis. It never happened because it turned out that this was not what the Sandinistas wanted. The same situation arose with the Peace Corps. We offered them a Peace Corps program; they voiced an initial interest, but never made the decisions or took the steps necessary to start the process of developing a Peace Corps project. We did provide Nicaragua economic assistance. The Costa Ricans, along with the Panamanians, offered assistance in customs and immigration procedures. Those were initially accepted and twenty or thirty Costa Rican and Panamanians went to Nicaragua and started to work with what was left of the Somoza custom and immigration services. Within four months, they were all expelled and replaced by Cubans. Same with the teachers program; it became a Cuban project.

Before leaving my Costa Rican experience, I should mention the "Mariel" boat crisis. These were Cubans who wanted to flee Cuba and Castro was willing to let them go. They could take small boats and anything else that would float were allowed into Cuba to pick up those who wanted to leave and some who Castro wanted to expel--whom we did not want in the United States. There was also an airlift and many people were seeking asylum in various Latin American Embassies in Havana--all who ultimately were permitted to leave Cuba. But the US didn't want them and we were looking around for other havens. The Costa Ricans offered temporary asylum for up to 10,000 escapees. We put together a so called international conference on the issue; we got lot of inter-American participation; not much European. The conference was held in San Jose which didn't do a lot, but it was an issue with which we were dealing with and the Costa Ricans were being very helpful. The Costa Rican offer was largely self-generated; we were canvassing all the Latin American nations to see the level of interest--Peru, for example, was very helpful. Once we had made the request to Costa Rica, without any arm twisting, Carazo, the C.R. President, agreed almost immediately.

*Q: Your next assignment was as Ambassador to Honduras. How did that come about?*

BINNS: I am not exactly sure. Bill Bowdler came to Costa Rica and said to me: "Jack, you know you haven't been here very long, but I have a proposition to make. I don't know whether you'll find it acceptable; I don't know if I were in your shoes that I would accept it". That piqued my interest. He said that the Department had been watching what we were doing in Costa Rica and some of my messages had reached the Seventh Floor. They thought I had done a real good job and besides the Seventh Floor remembered me from London days. So Bowdler had asked Harry Barnes, then Director General, if I could be considered for Ambassador to Honduras, even though I was still in a relatively low rank. Bowdler said if I accepted the offer, my name would be forwarded to the White House for approval. I really didn't want to leave Costa Rica because it first of all a very nice place and I was enjoying it immensely and secondly, I had a daughter who was senior in high school, who would have to move for a third time during her high school years, which would not have been a good thing for her. She was very happy in Costa Rica and as it turned out, was very unhappy in Honduras for a number of reasons. But after a family confab, we agreed that the Ambassadorship was an opportunity that couldn't be passed. So I accepted.

**RONALD D. GODARD**  
**Chief Political Officer**  
**San José (1981-1985)**

*Ambassador Ronald Godard was born in Oklahoma and raised in Oklahoma and Texas. He was educated at Odessa College and the University of Texas. After a tour with the Peace Corps in Ecuador, he joined the State Department in 1967 and was posted to Panama, the first of his assignments in Central and South America. These include Costa Rica, Chile, Nicaragua, Argentina and Guyana, where he served as Ambassador from 2000 to 2003. His Washington assignments also concerned Latin American Affairs. During his career the Ambassador served with the Organization of American States, was diplomat in residence at the University of Illinois in Chicago and was Political Officer in Istanbul. Ambassador Godard was interviewed by Charles Stuart Kennedy in 2004.*

GODARD: In '81 I was selected to become the chief of the political section in San Jose, Costa Rica and took off for there with my family and served three years in San Jose. My ambassador, Frank McNeil has in his writing emerged as a critic of the Reagan foreign policy, but he stayed on for at least the first year, maybe year and a half of the Reagan administration as ambassador. He was an exceptional ambassador down there. Frank's wife was Costa Rican. He understood the society, he had perfect Spanish and all of this. He was a great guy to have down there at that particular time. Costa Rica was important to us because it was, so to speak, one of the front line states with Nicaragua, and during part of Frank's tenure he had Rodrigo Carazo as the president of Costa Rica. He was completely in bed with the Cubans and the Sandinistas and supporting the revolution that had taken place in overthrowing Somoza. But then Frank was there for the presidency of Luis Alberto Monge and had an excellent relationship with him. As political counselor, my job was staying in touch with the opposition. In those days the Christian

Democratic Party were in the opposition, and Raphael Angel Calderon was a contact of mine. He later became president and currently is in jail for bribery and corruption charges. But I got to know all of the players in Costa Rican politics. It being a small, dynamic, very active democracy, lovely country. I found it thoroughly enjoyable. But during the tenure of Frank McNeil and the subsequent ambassador, Curt Winsor, the dominating issue was the Sandinistas right next door. A lot of the exiles who came into Costa Rica, Nicaraguans, became part of the opposition to the Sandinistas. Many of these people were from the traditional parties. They were Christian Democrats, Social Democrats, you name it. They had supported the Sandinista revolution, and indeed when they first came to power many of these same politicians were put into cabinet. Violeta Chamorro, herself a conservative politician, her husband Pedro Joaquin was put in as one of the members of the junta, and Alfonso Robelo the private sector leader. All of these people, not Violeta, she stayed on, but many of the others like Alfonso Robelo and others came to Costa Rica. They moved into exile and so we renewed acquaintance with them, and an important element of my reporting was contact with those people.

*Q: When you got up there, within Costa Rica itself, what was the political situation?*

GODARD: Well, Costa Rica has been a stable democracy for many, many years. Decades. The president at that time was from the sort of social democratic party, the party founded by Pepe Figueres who was still around, and that was another wonderful thing to have a historic figure like him around. He was a contact of mine, got to know him. Died several years back. Stable and active, but the issues were unique to Costa Rica. Domestic political reporting was not a hot item in Washington. People expected there to be opposition. There was a pattern of alternating from this Christian Democratic party, the Social Democratic party, the presidency and so there was no continuismo issues. Costa Rican democracy was solid and Costa Ricans were firm supporters of our policy under Luis Alberto Monge of opposing some of the policies of the Sandinistas. Indeed, they hosted while I was there, a conference where President Reagan came.

*Q: Well Haig left by fall of '82.*

GODARD: George Shultz came down. So while I was in Costa Rica I was the control officer for Reagan's big speech in the national theater. One of my favorite stories was talking the White House staff out of the idea of getting the Costa Ricans to tear out a pillar that was interfering with the line of sight. The national theater is a national treasure there, it's a little duplicate of the Paris opera house, and that was just anathema to them. But that speech in San Jose got a lot of press because right in the middle of it there was a communist deputy, I think it was Eric Ordon, stood up and harangued the president. Reagan was very good in situations like that. He made a comment about, isn't it wonderful in a democracy where everybody has an opportunity to have their say. The place erupted in tremendous applause, and that of course was the headline for the trip, that part of it. But that was a meeting of these Central American democracies. This organization that Tom Enders had worked so hard to pull together as an approach to the Sandinista problem.

Politics in Costa Rica, internal politics, were not tremendously compelling as far as foreign policy is concerned because it was something we didn't have to worry about.

*Q: When you were there, were you watching an evolution of, you might say, the more leftist side of the political spectrum becoming more and more disillusioned with what was happening in Nicaragua.*

GODARD: Certainly within the Liberación Nacional which is the Social Democratic party that was in power, the president was deeply disillusioned with the Sandinistas and was quite supportive of forming this coalition of democratic governments for their own survival. Because they saw the Sandinistas as willing to lash out and attack their neighbors. That was different. You think of social democrats as being sympathetic, and indeed they were.

*Q: Somoza is not somebody you get very sympathetic about.*

GODARD: Nobody was supportive of Somoza. As I say, the social democrats, the left, the traditional left in Nicaragua itself had been very supportive of the revolution. They had a coalition ranging from communists to the chamber of commerce that were behind the revolution against Somoza, so it was their fellow ideologue-like partisans in Nicaragua who were among the exiles who had to leave Nicaragua to come to Costa Rica so there was no sympathy to speak of. Plus it was accentuated on the public reception side by the fact that there was this tremendous exodus. It's always been an issue in Costa Rica. The presence of large numbers of Nicaraguans in the north, to the extent that Costa Ricans worry about losing their north at some point, because it'd become so Nicaraguan. It's not unlike the immigration of Mexicans into the United States as we've seen the ethnic balance change dramatically, although ethnically on both sides of the border between Costa Rica and Nicaragua are the same.

*Q: Were the Nicaraguans and Costa Ricans a different breed of cat as far as how they approached things?*

GODARD: Costa Ricans had a history of border problems for one thing. Ethnically they're about the same, certainly in the north. But Costa Ricans view themselves as the Swiss of Central America. Nicaragua has had no pretense over the years of being a political model for anybody, from one thing to another, and they're still going, trying to work it out one way or the other. On both sides of the border they are true nationalists. I mean, they're really intensely Nicaraguan, and that sort of fueled these occasional border disputes. I think they may have resolved most of those issues now, but back in my day they would come up every once in a while. While I was in Costa Rica you had things like the presence of Eden Pastora who was a Nicaraguan comandante, Sandinistan comandante. Very charismatic fellow who had set up shop. He was actually married to a Costa Rican. He'd gone into exile and pulled his organization together of Nicaraguan expats and sort of set up a toehold in the southern part of Nicaragua sort of aspiring to the liberation of Nicaragua. He was assassinated by a bomb sneaked into his press conference. While I was there he was killed. I think the ambassador met with him once.

*Q: Were there American interests, one always thinks of the United Fruit and all that, but were there American interests there that weighted importantly or not importantly on dealing with Costa Rica?*

GODARD: The fact that Costa Rica had been a functioning and successful democracy for so many years made them a particularly important country for us as an example of how it could work. This was a time when everybody else looked pretty bad. I mean, Salvadorans had these repressive military governments, Guatemalans were killing their indigenous, Hondurans had a military government, or a very weak civilian government very heavily dominated by the military. Costa Rica stood out as a friend that was symbolically and materially too, because they had limited but important resources to contribute to efforts for democratization of the region. So they were quite important and we never would have thought of forming a multilateral approach to Latin America without having Costa Rica as a cornerstone.

*Q: What about Mexico? I realize there are a whole bunch of countries between Mexico and Costa Rica, but was there an affinity there or not?*

GODARD: Not particularly in Central America. Just as we are the colossus of the north, Mexico is the colossus to the north for a lot of Central America. They worry about that a little bit. Mexican culture is important in the north particularly. You see it in El Salvador, now with all the Salvadoran immigrants that we have in the Arlington area you find these Salvadoran restaurants that are really kind of knockoff Mexican restaurants. In fact, many of them take on a Mexican guise but some of them are actually Salvadoran restaurants.

*Q: Where we are sitting right now in Arlington, we're about three or four miles from a major center of El Salvadoran culture.*

GODARD: It's a huge area for Salvadoran presence. But anyway, Mexicans have over the year exerted some influence but it's kind of touchy because they are the big guy, especially for a country like Guatemala that shares a border with Mexico, and they worry about their influence, but it's not by any means preponderant. They are a factor but do not dominate either culturally or politically.

*Q: Were the Cubans messing around in Costa Rica?*

GODARD: To a certain extent. There was a Cuban embassy there, very closely watched. Of course, the Cubans were very active in Nicaragua back in those days. There were sporadic things that the Cubans did but I think they were watched so closely by the Costa Ricans that they didn't get away with much.

*Q: As political counselor, how well do you feel you were served by the CIA (Central Intelligence Agency)?*

GODARD: What was going on in Costa Rica? Fairly well. For my work, they had assets and their reports were worth reading and they were one element, but throughout my career I've taken intel like that as just one element, and as a political officer, you gotta show me. I have to be able to confirm or go out on my own, develop my own views. In some cases I found some of their insights useful for pointing me in a certain direction, then I could go sniff it out myself, talk to people. The wonderful thing about a place like Costa Rica or even Nicaragua was that you had amazing access of people who were willing to talk to you. It was viewed as worthwhile to talk to

you, it was socially enhancing to talk to the people from the American embassy. So you could get around and you could have access to people. All you had to offer was a personality and maybe a free lunch every once in a while. You find yourself getting insights from folks who really know what was going on, which was superior, I think, to a lot that we were seeing in the intelligence field. Now certain things, we didn't know what was going on. For instance, in Nicaragua, maybe I just wasn't clued in, but I didn't think we had enough insights on the potential of the Sandinistas back in those days. As a political officer I could see that there was a lot of public unhappiness with the Somoza regime, but so far as intel on what individuals had gone to Cuba and trained and were now back in the mountains carrying out small guerrilla activity. Maybe there wasn't that much going on, maybe it was just rumors.

*Q: For one thing, did you feel the hand of Oliver North at all?*

GODARD: Well I was in Costa Rica. It seems like Ollie did come through one time. So he was operating in the area at that time. I was not aware of what he was really up to, if he was really up to anything at that stage. Later on is when he became more active. As I recall, he did come through Central America and stopped off in Costa Rica. I remember, he did. And I had a conversation with him.

*Q: Was he somebody people were saying watch that guy or anything like that?*

GODARD: Not in those days, I don't think anybody really knew who he was. He wasn't Ollie North back in those days.

*Q: Do a little compare and contrasting of Frank McNeil and Curtin Winsor as ambassadors.*

GODARD: Well, Curt was new. He had Latin American credentials and he knew a bit about the region and had academically studied it. He had a conservative take, pronounced conservative take, on the region. Curt also had a sort of messianic, felt a need to help Reagan be Reagan as he interpreted it, and that got him in a lot of trouble later on. He was a close friend of Constantine Menges who I think led him astray sometimes as to what was really the policy in Washington. It reached the stage where Curt actually took on Secretary Shultz. So his mistakes in support were because of ideology I think. He was one of the nicest people I've ever worked for, had a wonderful family, and I enjoyed his friendship, but there were obviously problems.

Contrasting him with Frank McNeil, Curt was well-received by Costa Ricans because he had a lot of empathy for them and he was a real Costa Rica booster and his wife was very popular among Costa Ricans. Frank of course had the family connection and knew the political players from way back and was more a team player insofar as coordinating with Washington back home, rather than sort of feeling like he knew what the guidance was and went off on his own.

*Q: What about dealing with the Costa Rican government? You seem to imply that they're easy to get along with.*

GODARD: Yeah. They were very easy to work with. The foreign minister back in those days was a guy by the name of Gutierrez. I had a very close, warm relationship with him. Never had



problems with access. He was, I thought, a very sort of visionary guy. Worked with other elements of foreign ministry, had no problems of access. Here again, as I said, people wanted to talk to the US embassy, wanted to talk to the chief of the political section. That traditionally had been a position of influence in the country, so I had no problems at all working with them.

*Q: No security problems?*

GODARD: I don't remember any security issues coming up during my time in Costa Rica. Things would happen like the assassination Eden Pastora where you were reminded that there was the capability out there to potentially target us. I don't remember incidents that materialized. You always heard rumors about stuff in the making against any of our people.

**GEORGE F. JONES**  
**Deputy Chief of Mission**  
**Costa Rica (1982-1985)**

*George F. Jones was born in Texas in 1935. He graduated from Wabash College in 1955 and received a Master's Degree from the Fletcher School of Law and Diplomacy and Stanford University. His postings abroad have included Quito, Accra, Caracas, Vienna, Guatemala City, San Jose and Santiago, with an ambassadorship to Guyana. Mr. Jones was interviewed in 1996 by Charles Stuart Kennedy.*

*Q: Yes. Argentineans in a way, don't quite belong to the Latin American club anyway do they? Well, I suppose so, when you think about Chile, it's probably of the same ilk. When did you leave and where were you off to?*

JONES: Enders asked me if I would interview with our new Ambassador to Brazil, Tony Motley, to be his DCM, but I talked to my wife and she was not enthusiastic about going to Brasilia, which has a reputation as a very isolated place in the middle of nowhere in central Brazil. She wanted to be closer to the United States because our older kids were moving into college and we wanted to be where the travel back and forth was easier. After I turned down Brazil, Enders, who was clearly looking around for people who could control or at least counter-balance these political Ambassadors who were being thrust upon him, had me interview with John Gavin, who was Ambassador to Mexico. That one I did actually get to the interview stage with, but I did not "ring Gavin's bells". Enders, who was considerably frustrated with me by this point, finally asked if I would go as DCM to Costa Rica where yet another political Ambassador was going to be named, so I said yes and we went off to Costa Rica in August 1982.

*Q: You were there from August 1982, until when?*

JONES: Until July 1985. As it turned out, the first year that I was there was under Ambassador Frank McNeil. Both of us had anticipated that it was going to be a lot less. [time] There was a delay in naming his successor, and I suspect it was because Enders was fighting the

appointment, but as a result of that I got a full year with Frank which I was delighted to have. He was a first rate Ambassador and his wife was Costa Rican, which is very unusual. But as a result of that he had total entree to Costa Rican society and knew it backwards and forwards and he was a very confident manager of the embassy as well. So, I could not have asked for a better first year as a DCM.

*Q: Can we talk about that first year first? What was the situation in Costa Rica when you got there and what were the American issues?*

JONES: We always used to say that Costa Rica was in Central America but not of Central America. Costa Rica is a most unusual Latin American country. The easy pop psychology explanation is that it was settled by small farmers from Spain; if there were slaves brought in there were very few, so you did not have the large plantations and the slave/peasant kind of culture that you got in most of the Latin American countries. You had small farmers who farmed their own land themselves. As a result, you had elected civilian governments, really throughout Costa Rica's history. The Costa Ricans, despite the fact that they are quite a small country, a couple of million people, Costa Rica has had quite a different relationship with the United States, which was very pleasant for an American to be in. In most Latin American countries you get this love/hate relationship, the chip on the shoulder relationship. Because the Latins have a sense of, the easy word is inferiority but that doesn't quite convey it, that they have not done as well as the United States has done and they resent it, they are quite suspicious that somehow the United States has taken advantage of them in the process, and they are having various kinds of identity crises that make them very assertive about their identity to foreign countries, especially the United States. At the same time, they are very unsure about their identity internally.

Costa Rica has none of that. Costa Ricans are very certain about their identity, very proud of their history and as a result, totally relaxed in dealing with the United States. I've never been in a country where there were as few hang-ups about their relationship with the United States. Costa Rica at that time was THE democracy in Central America. So it was the United States showcase, this was how we would like the rest of Central America to be. To make sure of that we were pouring in a very large amount of U.S. aid. The AID Mission was in the process of being built up at that point and it was already larger than the embassy. I don't remember the numbers now, but it became a huge mission--which created a real problem of exercising any kind of control of it by the State Department. But even though the Central Americans would like to be totally separated from what was going on in the rest of Central America, inevitably they couldn't be, and the United States was also unfortunately not really willing for them to be totally separate. One of their problems is that they have traditionally been a refuge for exiles from the other Central American countries, especially the Nicaraguans with whom they share a border. You had Sandinista refugees living there for years while the Somozas were in power in Nicaragua and then when the Sandinistas came to power you had people from the right, and center, fleeing to Costa Rica. Which of course enormously complicated their relations with Nicaragua. Although the condition of their being there was that they not carry out any kind of subversive activity from Costa Rican territory, that condition became more and more difficult to enforce as time went on.

*Q: Let's talk a bit about the AID thing. When you're trying to make a showcase out of a country, sometimes it's "Don't just stand there, do something." It tends to sometimes end up with either*

*crack-pot ideas or overdoing or something like that. In a country of only a couple of million people I would think that this could be, I mean you were worried about the economy of the country. What was your impression of that?*

JONES: The view that I have come to is that large amounts of external aid are bad for a country. I think we talked on an earlier tape about the Alliance for Progress and the conviction that I had come to at that time, that President Kennedy's very well intentioned notion that if you simply got together a significant amount of resources and put it into any country, region, area, that would lead to development, was just totally naive and wrong headed. We knew enough by 1982, that if we had been doing things strictly for development reasons we would have known not to try to put the large amounts of money into Costa Rica. But we weren't doing it for development reasons, we were doing it for political reasons. We wanted to support and sustain the Costa Rican democracy and as I said, we wanted to make it a showcase. A lot of the money simply went to support the Costa Rican budget, which means that we had very little to show for it. We were dealing with a Costa Rican administration that I admired greatly for its political skills, the administration of Luis Alberto Monge, but it was not the best administered on the economic side, and I think our aid didn't help it to be better administered, I think it simply gave them--they were able to avoid the consequences of their actions because they had these tremendous amounts of money coming in.

*Q: Was this money that was coming in fostering corruption? Did you think that was a problem?*

JONES: I would certainly hope that it was not fostering corruption. It was a huge administrative problem because the--I think I talked on the very first tape, I first started off in the government working on the Public Law 480 program, and its great utility as a program is that it generates counterpart. That is, the American wheat (or whatever) is sold on the local market in country X for local currency and so it produces that counterpart currency. I think that's a very neat and useful tool if you're talking about a limited size program, because you get double bang for the buck - you get wheat for people to eat and then you get local currency to spend building infrastructure. But when we go in with large balance of payments programs as we were doing in Colombia earlier and in Costa Rica at the time that I was there, those US dollar inputs into the Costa Rican budget also generated counterpart. So you had tremendous quantities of Costa Rican currency that had to be programmed. Washington, the U.S. government generally, took very little interest in what happened to the counterpart. Which had its advantages and its disadvantages: one advantage was that the people in the field had a great deal of latitude in how to program it. A disadvantage was that you didn't have the usual amount of supervision from Washington as to what was happening to the money. Washington's viewpoint was that it had spent dollars which went into the Costa Rican government treasury, alleviating their shortage of foreign exchange with which to pay for imports, that's all it was concerned about. It wasn't concerned about what then happened to the Costa Rican currency that was generated. The amounts were so huge that our AID Mission had a real problem figuring out what to do with it all. One of the things that was done with them was at the same time that we were building a new embassy, the AID Mission was building an AID Mission building, considerably larger than the embassy, and about two blocks away. They were building it with this counterpart as one way to use up some of the money. Now of course the AID Mission has been closed down and the building has been turned over to the Costa Rican government, because actually it was Costa Rican money and whatever is

done with it is Costa Rican government property. This huge building in this little town of San Jose, Costa Rica. The Costa Ricans, I think, were very uncomfortable with many aspects of Uncle Sam moving in on it and disturbing their quiet, tranquil, largely agricultural society. As it happens, the AID Director during my time went through a long and very painful investigation by the AID Inspector General that effectively terminated his career. He remained in the service for some years after that, but he never headed another mission. Without knowing any of the details of the case, I feel quite confident that there wasn't any corruption in the AID Mission. But I think that the investigation grew out of the large amounts of money that were being handled by the Mission, through the failure of Washington agencies to oversee what was being done with the counterpart, and out of a certain amount of hubris on the part of people in the field, that as a result they could do anything they wanted to with the counterpart. I think all were very well intentioned things, but they may not all have been absolutely consistent with AID regulations. We did lots of scholarships with them, there were some very innovative things which were done with the Costa Rican AID money. I don't want to leave the impression that it wasn't of any use, but it was far out of proportion of what the society could usefully absorb in the time frame that we're talking about.

*Q: I'm thinking of an interview that I did early on in this program with Curt Winsor, who was Ambassador to Costa Rica in the early 1970's I think.*

JONES: No, he was Ambassador to Costa Rica from the summer of 1983, until February 19, 1985. We're coming to that.

*Q: Still during the Frank McNeil time, whom for the record I have interviewed (at least in part, I don't think we've finished). Here you've got the Reagan administration white-hot mad about what's happening in Nicaragua with the Sandinistas. You have a very activist head of the CIA, William Casey, who the feeling was that he would do anything he could, and you've got this state of Costa Rica with a nice long border with Nicaragua. From your perspective--this must have caused a problem, shall we say.*

JONES: [laughter] Yes, indeed. When Frank McNeil was there it was less of a problem, because of his superb relations with the Costa Ricans, because of his understanding of what was possible and what was not possible in Costa Rica, and his shrewd management of all the US Government agencies there. I remember the head of CIA for the Western Hemisphere liked to fly around to places in his private aircraft and land at night and go to the Ambassador's residence, never come in to the Embassy itself, but go to the Ambassador's residence. I remember sitting in on one such meeting with Frank and I don't remember the specifics now, but the gist was, "Can't we push Costa Rica to do more?" and Frank was patiently explaining what the limits were; that Costa Rica's support for democracy was total, but that it did not want to get itself entangled with the "tar baby" of the rest of Central America. In the summer of 1983, Tom Enders' efforts to stave off Curt Winsor's appointment to Costa Rica failed. I think it was about that same time that Tom himself was forced out. Maybe not that was not entirely coincidental, in any event, Curt Winsor arrived. Maybe I should jump ahead in the story and tell the end before I tell the beginning. Toward the end of 1984, after Reagan's reelection, George Shultz went to Reagan and said that he wanted to replace a whole list of Ambassadors who were incompetent in their jobs. The bottom line of it was that either they went or he went. Although Reagan was certainly being

pushed by lots of other people to get rid of Shultz, for whatever reasons he didn't want to--either he didn't want the political furor that would be caused or he thought highly enough of Shultz to keep him on, and he agreed to replace these Ambassadors. Funderburk in Romania was one of them.

*Q: He's now a Congressman for North Carolina, an extreme right-winger.*

JONES: Right. They were all political appointees. They were all people that had been foisted on Shultz by the pressure to name Reaganite Ambassadors. Of course the view in Washington always is that an Ambassador is a very prestigious perk, but it gets them out of Washington. So from the standpoint of all too many senior political people, in all administrations, it doesn't matter how incompetent an Ambassador is, how unqualified he may be, the point is that he's far away in some other country that doesn't matter anyway, and if there is any problem the State Department will take care of it. If it's beyond the beltway it doesn't exist, is the philosophy. But Shultz had had enough. Winsor was one of the ones on this list--I was in a car with him and we were going to some outlying town in Costa Rica for a ceremony at an institute for training of private sector managers (that some of this AID counterpart funding had gone into). It was not the most comfortable car ride in the first place, since our relations were already seriously strained by that point. But we got a call on the car radio from his secretary saying that the desk officer had called from Washington and had an urgent message to get to him. He asked what the message was and they tried to delay giving it to him, but he insisted on having the message and he was told that the message was that there was a story in the Washington Post that you're among a group of Ambassadors that are being fired. [laughter] That did not improve the rest of the car ride. [laughter] He went up to the U.S. and tried to fight it, he called in all of his political contacts and was unsuccessful. At one point he met with Kenneth Dam, the Deputy Secretary whom he had known previously, and they agreed on a departure date of February 19, and so he came back to the post, and gnashing his teeth began to make arrangements for his departure. Then in came the telegram from the Department (the normal TM-1) authorizing his departure from post and providing the appropriation numbers for his expenses in connection with departure. As these telegrams always do, they don't specify a day of the month they simply specify a month--transfer back to the United States in February 1985. So he decided that this constituted an authorization for him to stay until the end of February, he could depart on February 28, just as well. So the 19th came and went and he was still there and then one fine morning in came a telegram from Kenneth Dam to me, of course Dam did not have the foggiest idea of who I was, but he had been told that somebody named Jones was the DCM. He said that you are authorized to assume charge of the Embassy. [laughter]

*Q: Oh God. Oh God. [laughter]*

JONES: [laughter] I don't know of any case like this in the Foreign Service.

*Q: Well, obviously Dam was mad as hell.*

JONES: He was mad as hell, there was no question. [laughter] Of course there was a long series of things which had made everybody in the Department mad as hell at Winsor. This was sort of the last straw.

*Q: When did he actually leave?*

JONES: He left a few days later. I'm trying to remember--it wasn't a long time, but it was something like a week from the time this telegram came in to the time that he actually departed.

*Q: A certain blessing is that February is a short month.*

JONES: There you are, [laughter] it couldn't have gone on for too terribly long. [laughter] He called me in and asked me how I was going to handle it, which must have been extremely galling to him. I told him that I wanted to handle it as quietly as I possibly could, which meant that he would stay in his office, and he would stay in his house, he would retain his guards, everything would go on just as it had before. Except that telegrams would have to go out under my name, having been so instructed by the Acting Secretary of State. Also, I had to go over to the Foreign Ministry and explain to the Vice Foreign Minister with whom I had worked closely, that we were trying something new in diplomacy and the Ambassador as he knew was preparing to leave but had a great deal of personal things to take care of and so I was going ahead and taking over the Embassy for all official purposes and the Ambassador would be leaving in a few days. I don't know to what extent he swallowed it, he simply said fine and made no further comment on it. Of course the Costa Ricans read the papers too.

*Q: Let's go back to the beginning of when Curt Winsor was named--in the first place could you give me some background on the gentleman and also what you had heard about him before he came. Since apparently there had been some problem of his getting appointed and then talk about the time he was there, not only with him but also the situation.*

JONES: Well, I had not heard anything negative. I had heard that the Department was fighting his appointment. The Reagan administration had this very peculiar system of having the State Department nominate a candidate for every post, and the White House political people would nominate a political candidate and then a battle would ensue. [laughter] I don't know of any other administration that has done it that way, but it just meant that there was always blood on the floor. I have no idea who, but I'm sure that there was some poor soul who was being put forward by the Department as a career candidate for the Costa Rica job. I had not heard anything about Winsor. I knew he was a political appointee, that didn't bother me, and when I saw his curriculum it was impressive. He had in fact been a foreign service officer for four years when he came out of college. He had never served overseas; just as I was, he had been assigned to the Department as his initial tour. I think he did something else first, but then he was put into Congressional relations, that would have been in the Nixon administration. He enjoyed the political contacts that led to. Finally the time came when he was to be assigned overseas and he decided he liked the politics and didn't like the idea of going overseas so he resigned. At one point he was working on Senator Dole's staff. He had a Ph.D. from American University, written on Argentina. He was said to speak passable Spanish. He was a successful businessman, the president of a coal mining company. As I said, it was an impressive resume. The guy was, and is, an extremely nice guy, charming.

*Q: Very personable.*

JONES: Very personable. We got along very well in the initial weeks. If anything, he was very humble about being new to being an Ambassador, and wanting to be shown the ropes and so forth. It became apparent as we went along that he totally lacked the absolute primary ingredient for being an Ambassador and that is judgment. He simply had no ability to understand the wider ramifications of what he did. Although he had a lot of sympathy and interest for Costa Rica, he never had any understanding of Costa Rica. His whole view of the world was good versus evil, there were guys with white hats and guys with black hats, and he immediately seized onto that, once he identified who were the conservatives and who were the right-wingers in Costa Rica, they became the white hats and all the others were black hats. Very early on there was an incident involving the Costa Rican Minister of Interior, his name was Angel Solano, and Solano was a leftist, there was no question about it, and once Curt's mind had closed on that fact he decided that Solano had to go and that it was his mission to get rid of him and he began a campaign to do that. Finally I urged him to talk to Fernando Volio who was Foreign Minister, and on the Central American issue Volio was as close to being a hawk as you could get in Costa Rica. So Winsor felt Volio was an ally and someone that we could rely on. He went to talk to Volio and Volio urged him not to do it, not to press the campaign against Solano, that it would simply be counter-productive. So with great regret he dropped that.

*Q: Could you explain how an Ambassador conducts a campaign to get rid of a cabinet member?*

JONES: He in fact raised it with President Monge. But the question was how hard he was going to press Monge on it, whether he was going to keep on raising it, whether he would begin to hint that there might be consequences for the relationship with the U.S. if he didn't get rid of Solano, etc. It's hard to say whether he actually could have forced it if he had really gone all out, but I think Volio was absolutely right, that even if he had succeeded in getting rid of Solano, the damage he would have done to U.S. relations with the Monge government would have been so severe that it would not have been worth it. So he dropped that issue and I was feeling pretty proud of myself for having gotten through this crisis and still in good relations with Winsor. That I had avoided telling him that this was a stupid, cockamamie idea, I had kept my mouth shut and I had simply urged him to seek advice at the right moment and it all turned out well in the end. But the problems never stopped, there was just one thing after another from then on. Incidentally, Monge eventually did drop Solano from the cabinet, when he saw it was politically possible to do so without appearing to cave under U.S. pressure.

I remember at the very beginning there was an interesting incident in which we received a telegram asking us to obtain landing clearance from the Costa Ricans for a small U.S. government aircraft. It was going to land at a tiny airstrip right up close to the Nicaraguan border. The passengers on board the plane, one of them whose name meant nothing to me and the other one was Oliver North, which rang a bell and I looked him up and yes indeed there was a Major Oliver North who was on the NSC staff. I'm sure the other guy was CIA although I had no way of checking that. I told Curt that this was extremely unusual and essentially discourteous to the Ambassador that they would propose to come and land on his turf without ever coming through San Jose and briefing the Ambassador and what their mission was, etc., and I also thought that it was very disingenuous not to identify North as an active duty military officer, nor reveal that he was on the NSC staff. He thought that I was absolutely right, so we sent a telegram back saying

that before we could grant country clearance we would want the aircraft to first come to San Jose and that Major North and the other traveler should meet with the Ambassador, just to let them know that we had figured out who North was. We heard nothing further. Years later it became perfectly clear that this was one of the very early if not the earliest efforts of North and Casey to find a staging point in Northern Costa Rica for the contra movement against the Sandinistas.

The most important incident of my time in Costa Rica involved the head of the U.S. Southern Command, who at that time was General Paul Gorman, a gentleman very much in tune with Reagan and Casey, unlike his predecessors and successors for all of whom I have the highest respect, I think we had actually an extraordinarily good row of people as heads of the Southern Command, but Paul Gorman was an exception. It gives me some faith in the U. S. military that several of the Southern Command Chiefs have gone on to be head of NATO, thank god Gorman was not one of them. Gorman wanted to carry out some military exercises in Northern Costa Rica, road building in particular, obviously in order to make the Nicaraguans nervous. We'd had some U.S. military civic action kind of things in the past in Costa Rica. There was a well-drilling exercise which had taken place before my arrival and it had been very successful, it was very much welcomed by the Costa Ricans. But this was a far different order of things, I don't recall what the number of the troops was, but it was a significant number of American troops who would be engaged in this exercise, a big engineer detachment and all sorts of ancillary troops. I'm trying to remember, I think upgrading and extending that airstrip on the border was part of the project as well. Gorman came on a visit to sell this idea, there was a meeting with him and then President Monge gave a lunch. The problem was that neither Gorman nor Winsor--I don't think Gorman had any Spanish and Winsor's Spanish was very limited as I discovered after he arrived. So virtually the only person on the American side who understood what was being said at this lunch was me. There was a Costa Rican interpreter there but the interpreter was not doing a very good job, which in my experience Latin American government interpreters often don't, in translating into a language not their own.

The crucial point was that Gorman wanted the soldiers who were on guard duty around this engineer detachment to be armed and Monge said very clearly at the lunch that the engineering detachment would be welcome but it could not be armed. As a combination of the fact that this is not what Gorman wanted to hear and the fact that the translator did not make it clear, Gorman went away convinced (I didn't realize this at the time because he went directly from the lunch to the airport and I didn't have a chance to talk to him) that he had sold his deal. I talked to Washington on the phone and was told to report this in a NODIS, a no-distribution telegram, which meant that I could not send it to anyone else. This was part of the atmosphere in Washington, because there was so much in-fighting going on and this struggle for power in the Reagan administration, everybody was very anal-retentive about information. Of course there are ways around it and it would have helped in the short run (it wouldn't have helped in the long run) if I had just told our military guy to send the same telegram but send it as a separate telegram to the Southern Command. I didn't do that because it didn't occur to me, I could not conceive of ARA wanting to keep Gorman in the dark on Gorman's issue. So we sent in the NODIS telegram, Winsor was still in his trusting phase and so he accepted my version of what had gone on. So we sent in the telegram with a request that Washington retransmit it to the Southern Command. We found out later that had never been done. So Gorman went on for a long period of time thinking that everything was agreed to in Costa Rica. Then at some point he found out that it wasn't and



apparently went absolutely through the roof and blamed me for it. I found out later, a friend of mine at CIA told me that Gorman had gone to Washington telling everybody that the DCM was sabotaging his project.

I was not at all surprised by what Monge said because it was absolutely consistent with Costa Rica's tradition and views that they would not want armed American soldiers a few miles from the Nicaraguan border. That would have been a clear provocation to the Sandinistas and they did not want to provoke the Sandinistas, who were capable of causing Costa Rica a lot of trouble. The Costa Ricans often told us, "You Americans come and go, but we've got to live with Nicaragua for time eternal, so we are not about to make bitter enemies out of either side in the Nicaraguan conflict. They have lived here in exile before, they will live here in exile again." You also have to understand that Costa Rica did not have an army, Costa Rica was very proud of the fact that it was the only country with no army. They had a small national police force that performed some army-like functions, border guards for example. In comparison with the military capability of the Sandinistas, they were virtually defenseless. They weren't so confident of the Americans' ability to protect them that they wanted to go about deliberately provoking a neighbor.

*Q: Other than the Oliver North attempt to sort of come in, were there any other things that were going on, vis a vis Nicaragua during Curt Winsor's period ?*

JONES: There was lots and lots going on. Not too long after he arrived, the CIA Station Chief changed and we lost an extremely good, extremely competent station chief, and he was replaced by Joe Fernandez who was subsequently to become famous.

*Q: He was part of the Iran contra business.*

JONES: I don't know to this day whether before he arrived if he was already part of the North/Casey inner circle or if he was gradually brought into it during the course of his time in Costa Rica. There is no question that he eventually got there, he and North are now partners in this company that sells bulletproof vests and other security equipment. It quickly became clear that there was a lot that Fernandez was up to that the rest of the Embassy had no idea about. As time went on Winsor was--I don't know what Gorman said to Winsor but I'm sure he said something, and Winsor began to lose confidence in me. Somehow I was opposed to all of these good things that he was trying to do and he was getting increasingly frustrated about what was going on in Washington, he was increasingly restive at the leash that he was personally being held on, and the lack of progress in Central American policy generally. He said as much, that he expected that there was going to be a military intervention in Nicaragua during his tour. In fact, he really hoped that it would not be just Nicaragua but that it would be Cuba as well, because he used to go around quoting Alexander Haig saying, "We've got to go to the source." Everybody knew what the source was. Curiously they chose to forget about Moscow, but Cuba was a lot more "do-able" or they thought it was anyway.

One of the things that really damaged his and my relationship was that in about April 1984, he gave a speech and he was very nervous about public appearances, he didn't do this kind of thing easily, fortunately he didn't give a lot of speeches. There was some forum that invited him to

make a speech and both local and foreign press were there. He wrote the speech but didn't show it to anybody in the Embassy or to Washington, which Ambassadors are required to do. I saw it for the first time in the car on the way to the place where he was going to give the speech. He handed it to me to read and I was just appalled. It would have been bad enough if he had talked about just Costa Rica, but he talked about all of Central America, which of course he had no responsibility for. He even brought in Cuba, he had very strong language about Cuba. So he gave the speech and then promptly went out of town and when he got back he found out that I had had USIS type up the transcript of his speech and send it in to Washington as a telegram, and he was clearly startled but he didn't say anything further. He went home and talked to his wife and his wife was very protective of him. I think she told him he needed to read me the riot act, because when he came back the next day he was really upset about my having sent out this speech without his having had a chance to revise it. I said "Mr. Ambassador, the press was there, they reported on the version that you gave and Washington needs to know what in fact you actually said." He came very close at that point for asking for my removal primarily on the basis of this speech. Finally he decided not to [get rid of me], which I'm sure he came later to regret. [laughter] It was an extraordinary time. There was all of this stuff going on with regard to Nicaragua.

Eden Pastora was one of the exiles in Costa Rica, the leader of one faction of the Contras, and there was an assassination attempt against him, a bomb that went off just a couple of blocks from the embassy. Then there was another assassination attempt, in May 1984, which took place at a Pastora press conference, just across the border in Nicaragua at a place called La Penca, which didn't get Pastora but did kill eight other people. One of them was an American who was working for a little English language newspaper in Costa Rica called the Tico Times. The Tico Times together with a couple of other American journalists concluded that the CIA had done this, that the American government knew more than it was admitting. They started a long, long, campaign to expose what was being hidden, what was really behind all of this. The Embassy (I was chargé at that point) found out at some point in the night that some kind of incident had occurred in southern Nicaragua and that there were potentially Americans involved. It was not until the next morning that we were able to get somebody up into the area -- the Costa Rican side of the border, we of course could not cross into Nicaragua -- to find out what had happened and to confirm that there were Americans at the press conference. I think by that time this one American was dead, she had initially survived the blast, but had died of loss of blood before-- they were miles and miles away from any kind of medical attention. The injured, a dozen or more, had to be put into a little motor boat and brought back across the river into Costa Rica. We had considerable turbulence going on outside of the embassy and considerable turbulence going on inside it as well. [laughter] The probable perpetrator was identified pretty quickly, a man using a false Danish passport who disappeared immediately afterwards. The issue was who was he working for. To us, it was obvious that those who most wanted to get rid of Pastora were the Sandinistas, and about ten years later that was confirmed. But for a long time there were journalists who argued it was the CIA. One of the allegations that the Tico Times found most persuasive was that I had not made any requests for helicopters to come flying up from the Southern Command in Panama to rescue these Americans who possibly, but not for certain, were in this really remote place out in the jungle, in another country, at night.

*Q: One of the problems almost always of the Deputy Chief of Mission, particularly when you have a political appointee as Ambassador, but even in other cases--if you have an Ambassador*

*who is straying off of the reservation, you might say, there is a conflict. You've got American interests and then you have the integrity of your relationship to the Ambassador. Was this being strained?*

JONES: Yes, it was being strained. At one point I met with Tony Motley (who replaced Enders as Assistant Secretary) shortly after Motley had come into the job and he said that when he was Ambassador in Brazil the thing that he most prized in his DCM's was a loyalty. His second DCM was certainly loyal to him, because he resigned from the foreign service when Motley left government and joined Motley in his private consulting firm. [laughter] But Motley also said that if there was ever anything that should come up that he should know about, all I had to do was pick up the phone. [laughter]

*Q: Oh boy, talk about a double set of instructions.*

JONES: Wow! I never took him up on that, I never tried to call Motley directly. What I was torn by was the feeling that I had an obligation to the Department of State as an institution, to keep it informed, to tell it what it should know about what was going on in Costa Rica. I was once talking to Winsor on some subject and I referred to "our masters in Washington," a phrase I chose deliberately just to see how he would react, and he looked at me with the most puzzled expression on his face. I think that part of his problem was that he thought that he worked exclusively for Reagan.

*Q: Some political Ambassadors take this very much to heart. It just ain't the way the system works.*

JONES: Yes. He was very close to Constantine Menges who was Reagan's National Security Advisor for Latin America and who interestingly in the end felt betrayed by Oliver North as well, because so much was going on that North wasn't telling Menges. [laughter] Every telegram of importance he [Winsor] used to slug, "NSC for Menges." I remember being told by the Director of Central American Affairs, "For God's sake, can't you get the Ambassador to stop slugging telegrams for Menges? If he wants to send to them to the NSC as an institution that's fine. But to slug them personally for the guy who is the single greatest thorn in ARA's side, whom ARA calls the 'constant menace,' does not do the Ambassador any good with the Department." The Ambassador could have cared less whether it did him any good to the Department. [laughter] His relations not only got to be bad with me, they got progressively worse with the Department as an institution, and with Motley as Assistant Secretary. Because there were a series of occasions when Motley called him on the carpet, both on the phone and when Winsor went to Washington. He finally told him "No more press conferences." Winsor went right ahead and gave a press conference and Motley called me one day and said "Where is the Ambassador?" and I said "He's at the residence giving a press conference," and he said "God Dammit, I told him not to ever give another press conference. Transfer this call to the residence." [laughter] So I did and he interrupted him in the middle of the press conference and reamed him out and Winsor went back into the room and gave the rest of the press conference. It was not a pleasant 19 months being DCM to Curt Winsor. I think that if he had been somebody I could detest it would have made it easier, but as I said at the beginning, he was a very likable guy and he had fine children, and you couldn't help feeling sorry for the guy who was just in so far over his head in this major arena for American foreign policy.

*Q: We've talked about the Gorman visit, were there any other major things that happened which reflect how we dealt with things in Costa Rica during this period?*

JONES: We talked about the abortive effort to get rid of the Minister of Interior which went on for weeks., and Gorman's efforts to get American military forces into the area near the northern frontier.

*Q: They never came, did they?*

JONES: No, they never came. Gorman said over and over again (as if this were the convincing point) that he could not send American troops into this dangerous area without being able to protect them. And it was his responsibility as Commander-in-Chief to have them protected and he seemed to think that was the end of the argument and the fact the Costa Ricans viewed it differently didn't seem to have any relevance or importance to him. It was an impasse that never got resolved. And the Pastora assassination attempt, those were the three most dramatic things that happened during this period.

Another one toward the end of Winsor's period was the effort to put up a Voice of America transmitter, not right up into the border area but close enough to Nicaragua--the objective was so that it could be heard clearly in Nicaragua on a medium wave, to supplement the Voice of America's short wave broadcasting, to broadcast on regular AM frequencies so that anybody with any kind of radio in Nicaragua could hear the VOA. That was in fact built, the Costa Ricans agreed to having it built. Part of the reason was that we didn't propose to protect with anything other than civilian security guards. That led to another long Winsor battle with Washington because he said that the site could be easily overrun. I suppose it was not impossible that there could have been a Sandinista commando unit infiltrated into Costa Rica, that they certainly could have done. At a minimum he wanted to issue the guards AK-47's or the equivalent, and Washington wouldn't hear of it. He had a hard time understanding this, but I think the Washington strategy was that they would have been very happy if the Sandinista's had actually attacked this tower out in the middle of nowhere, in the middle of a Costa Rican cow pasture. Because it would have given them another excuse to do something against Nicaragua, so they didn't care how well it was protected. Those I think were the major issues.

*Q: If I recall, and it's been seven or eight years since I've done my interview with him, he was quite proud of helping Costa Rica get away from government projects into private projects. Does that make any sense or not? Moving Costa Rica more into the private sector, away from the sort of socialist type of things.*

JONES: There was nothing dramatic or major in that area, because there wasn't a huge amount of the Costa Rican economy that was in the state sector to begin with. Some of the AID money did go into strengthening the private sector, which was certainly a good thing. This institute for the training of businessmen for example that I mentioned, was one of AID's creations. I don't think that there was any major change, I suspect that whatever the percentage is that's in the state sector in Costa Rica is probably pretty much the same today as it was in 1983.

*Q: Why don't we finish up with this time? Curt Winsor left in February 1985. How long did you stay on?*

JONES: I stayed as chargé until July, I left the day after the 4th of July party in 1985. Jim Tull replaced me as DCM and as chargé, he arrived on July 4 and took over the next day. The new Ambassador was Lou Tambs, another political appointee who had been Ambassador in Colombia and Jim Tull had been his DCM, so he brought him with him to Costa Rica. During those five months the main thing that I tried to do, was to pull the embassy back together. The removal of the Ambassador and all of the bitterness and tension that surrounded it was obviously very corrosive to the morale and efficiency of the embassy. So what my wife and I tried to do for the next five months was just to get everybody calmed down and working together as a team again, and to take all of this tension and antagonism out of the air. He tried to get rid of a lot of people, he did get rid of the Economic Counselor, he tried very hard to get rid of the public affairs officer and it was not an easy time for a lot of people, not just for me.

*Q: You left in July 1985, where did you go then?*

JONES: I went to Santiago, Chile as DCM. As it turned out, I was chargé there until November. I spent most of 1985 as chargé at one embassy or another.

*Q: Today is October 29, 1996. George, with "DCM-ships" usually the Ambassador has to pass on you--was there any of that? How did you get the job?*

JONES: Actually around the end of 1984, I got a phone call from someone in personnel asking me if I would be the Department's candidate for Ambassador to Belize. I thought it over and turned it down, and subsequently, I'm very glad that I did. One of the problems was that this was the Reagan administration and the Reagan administration had this system of having the Department put up a foreign service officer candidate for every Ambassadorship and then there would be what I would call a battle, I suppose the White House would have called it an evaluation of merits, between the FSO and the political appointee whom the White House had tapped for that particular post. Surprise, surprise, the FSO usually lost, and I knew lots of cases where people sat around waiting for months doing nothing, while the decision was fought out as to whether they or the political appointee were going to go. I didn't know it at the time, but some instinct had warned me, that the guy that the White House had tapped for this post was an assistant secretary named Jim Malone, he was the assistant secretary for oceans, environment and science.

*Q: I remember running across him one time. He had a reputation of being a terrible administrator, he couldn't make up his mind.*

JONES: I never met him or had anything to do with him directly, but he was eased out of that position by George Shultz. Some compensation had to be given and the best that Shultz would permit was for him to go to Belize. He turned out to have a major confirmation problem, and it took over a year before he finally withdrew his candidacy. I could have been sitting there that whole year as the candidate in waiting. [laughter] So I'm very glad I turned that down, and I knew having turned down an offer of an Ambassadorship, I wasn't going to be offered another.

So what I could hope for was a good DCM job, fortunately my name was put forward to Harry Barnes who had been handpicked by George Shultz to go as Ambassador to Chile. Harry had been our Ambassador in India, to go from being Ambassador from India to Chile could be viewed in some quarters as a "come down", but Shultz was quoted as saying that "Harry had done an incredible job in turning around our relations with India" and he [Shultz] was very concerned with the lack of progress toward democracy in Chile and he wanted a first-rate, very strong U.S. Ambassador to go there. I had never met Barnes, but fortunately there was an ARA Chief of Missions conference at Homestead Air Force Base in Florida in March of 1985, and as chargé in Costa Rica I was asked to come. Harry went as Ambassador-designate to Chile and he interviewed me while we were there for this conference. Subsequently, he called me from India, it was probably my first tip-off to Harry's incredible energy and activity level, that he called me in Costa Rica sometime later and asked me what time it was there and then he told me it was 1:00 in the morning in India, and I was astonished that he would be conducting business at 1:00 in the morning. I subsequently learned not to be astonished, Harry conducted business every waking moment. [laughter] He offered me the job and I was delighted, I liked what I had seen and heard of him, and although I had never been there, I knew Chile was a beautiful country and the political situation was challenging. So off we went. I had about a month's leave and got to Chile in August 1985.

**CURTIN WINSOR, JR.**  
**AMBASSADOR**  
**Costa Rica (1983-1985)**

*Curtin Winsor was born in Philadelphia, PA in 1939. He received his BA from Brown University, his masters in 1964, and his Ph.D. from American University in 1971. Dr. Winsor entered the career US Foreign Service in February, 1967. His positions included the US Arms Control and Disarmament Agency and the Office of Congressional Relations. He resigned from the career Foreign Service in 1971 to take a Professional Staff position on Capitol Hill. He was Special Assistant to Senator Bob Dole. He was Special Emissary to the Middle East in 1980 and Ambassador to Costa Rica from 1983 to 1985. He served as Senior Consultant on Central America to the Under Secretary of Defense for Policy from 1985 to 1987. Ambassador Winsor was interviewed by Charles Stuart Kennedy in 1988.*

WINSOR: He was a Foreign Service Officer.

Q: . . . and Motley had been Ambassador to Brazil at the time.

WINSOR: Correct. He was a political appointee, Ambassador to Brazil.

I came in then, basically, with the idea primarily of helping Costa Rica get its economic house in order. We had a very strong AID mission, we had a huge AID program; however, for all of that, the country was having no luck in getting its debts arranged or set-up in such a way that they

could pay them with the commercial banks. It was in disarray with the IMF (International Monetary Fund). It was not even talking to the World Bank, which required certain trade-related concessions from them. In a word, the country was in bad shape.

*Q: Were you given any, sort of ammunition, to take with you on the economics set-up. Often it is said, that a political ambassador can bring something that a professional officer can't.*

WINSOR: He can bring it, but not from the Department. I received nothing from the Department in that sense at all, except for trouble, my entire period there.

What I did bring was--being a political ambassador, and an articulate one who spoke Spanish--the Costa Ricans perceived that I had more clout than my predecessor, who was a careerist. I became--because of my willingness to be outspoken, through the point of view of the Costa Ricans--a spokesman not for the Department of State but for the White House, as they saw it. And this gave me tremendously more effective input than I would have had if I had just been a quiet Department of State ambassador. For me the high profile was very successful in Costa Rica.

The problem that I faced was how to get an incredible tangle untangled. I had one major factor to play with, and that was a huge AID program, and a very, very good AID director--who has since, by the way, had a lot of unjust opprobrium laid on him by an IG's (inspector general) report that was politically inspired.

*Q: Who was the AID director?*

WINSOR: Daniel Chaij. And interestingly, both Frank McNeil, myself, and Lew Tambs, who were as politically disparate as any three men could be, have risen to his defense.

But, the key was, early on, to sit down with the government of Costa Rica and start talking about quiet conditionality--nothing written down--but understandings. We would do such and such if they would do such and such with so and so.

*Q: I wonder if you could describe their problem and a little bit of how they got into it, as you saw it at the time?*

WINSOR: How they got into their mess? It was rather simple. They borrowed a lot of money for nonproductive uses--public sector uses--at a time when the commercial banks were throwing money out their windows, to recycle the so-called "petrodollar debt"--or "petrodollar problem," influx, glut. The big banks could not imagine that there would be anything but a strong OPEC cartel in charge of the oil price scene, through the millennium. So they felt it was their duty, and indeed their duty to their shareholders, to recycle as much of this money, as loans on which they could get as good a spread, as they could; because they didn't see how they would lose, because this money would always be available from the OPEC recycling. This led them to make loans to Costa Rica, to Brazil, to Mexico, to Argentina, which they never would have made if they had been using their own conventional, high-cost money.

Well, a funny thing happened in 1979, 1980. The petrodollar loans dried up. Petrodollar flow dried up as the West economized and as the OPEC and oil-producing countries got greedy and flooded the market. The petrodollar overhang disappeared overnight, like mist on the mountain. The banks were left holding an awful mess.

*Q: And Costa Rica?*

WINSOR: Costa Rica being one of the smaller ones actually, although the Costa Ricans have a horrendous debt, relative to their gross domestic product.

*Q: Well, did they turn to the United States as the source of assistance?*

WINSOR: Well, they figured that since they were the United States' great exemplar of democracy, that they were owed assistance. And indeed, we responded very nicely; we gave them a huge AID program, made up from ESF--Emergency--well, it's funding, it's cash.

*Q: In other words, we gave them cash to help them out of their debt problem.*

WINSOR: Which then, in effect, kept the bubble of their standard of living up, through a steady influx of U.S. cash to subsidize them. As a Reagan appointee, as a conservative who believes that political democracy requires free economies as a topsoil in which to grow, I was horrified with what I saw in Costa Rica.

There was a nationalized banking system that was not working well. Sixty percent of the economy was in the hands of government. Government was actively interfering with free trade patterns. They were doing, as I saw it, a lot of things very wrong, given the climate of the world today. And I might add, by the way, that the crash in Costa Rica was caused not only by the drying up of the loan money--the easy loan money--but by the collapse of all--and this is not just Costa Rica--but all of their traditional exports.

Countries in Africa began to export coffee and Brazil expanded its production, so the coffee market collapsed just as the OPEC oil collapsed. And on top of that, sugar collapsed; meat prices collapsed; and banana prices collapsed. So the Costa Ricans were just in terrible shape.

*Q: All this also represented a dietary change in some of the major markets.*

WINSOR: In the U.S. there was less red meat eaten, yes.

*Q: Sugar.*

WINSOR: And most of the beef goes to McDonalds and the fast-food chains. Sugar has come off a bit. Of course that was always a scandalous mess, and still is at best, anyway. Bananas were going through a cyclical down trough. So at that particular point, the Costa Ricans were desperately talking about new, nontraditional exports. And that became one of the major thrusts of our AID program, to help them get into that.



*Q: Well, you say the AID program . . . Before we go to the AID program . . .*

WINSOR: It's a pretty complex web.

*Q: It is, but fascinating. When you went out there, how did you find the embassy staff? I mean, as an effective instrument?*

WINSOR: I found that I had a disaster for an Economic Officer; I had a guy who was a functional illiterate a FSO-1 in economics. So I had to work around him. I won't mention his name, but believe it or not he's still in the Service as an FSO-1, and doing economic work. But, I had to ask my AID mission to do the economic reporting, and a junior officer who was fairly good to do the Department of State inter-face.

I found that my Foreign Service Contingent was somewhat understaffed. I would say I could have used either one junior and one mid-level FSO--to do the work that was required. They were understaffed.

*Q: How about your DCM? Were you supported by him, or her?*

WINSOR: My DCM was a problem, and it would be a problem I would say that contributed to my early departure from Costa Rica. That was my own fault for reasons I'll get into later.

On the whole, though, my relationship with the Foreign Service people and even with certain levels of people in ARA was good; because, as a former FSO, I found that there was a collegiality extended to me that was not extended to a lot of the other political appointees. I had not been involved in the bad side--the dark side of the transition team, and that too was favorably remembered.

My problems were to come from my objection to the "two-track" policy, and resulting political fights with Tony Motley over that. And one real clash with Motley and the ARA Bureau over my withholding aid when we were at the key point of getting the Costa Ricans to do what they needed to do to get the banks on line, the IMF on line, and the World Bank on line. Because what we created was a cascading conditionality where we got the Costa Ricans to agree to do what the World Bank wanted, with what the IMF wanted, and with what the commercial banks wanted, and then with what we wanted. And we coordinated the whole thing so that they got a loan package that did what they had to have done. And they in turn did what was necessary to make what all of us wanted to see done, work. In other words, to get the economy functioning again in the private sector, to get nontraditional exports up, and to get them to the point where they could begin to repay the loans that were being advanced to them.

*Q: Were you able to work with--drawing on your experience with Chase--with the banks?*

WINSOR: Yes. I was the first American ambassador I think in history, at least so they told me, to sit in on steering committee meetings with the commercial banks, for the country, and actually to turn the steering committee around and get them to agree to give Costa Rica a breather on loan interest rates, and indeed to give them an additional \$75,000,000 in monies. And this was done

because we had the IMF on board, and the Costa Ricans on board with the IMF, to agree to changes in the technical management of the Costa Rican economy. We had the World Bank on board in terms of the Costa Ricans agreeing to freeing up their trade patterns, so that, again, the non-traditional exports and marketing strategies that were needed to make the Costa Ricans competitive again would work. And our main AID quiet conditionality was that they begin to open up the banking sector to, again, to non-government credit suppliers; which we saw as being absolutely crucial to the economy beginning to grow again. And that's what the fight erupted over.

*Q: Well, why did you find that AID could supply you with good solid economic support, and that the Foreign Service couldn't?*

WINSOR: Because basically I had a--the guy was a dead head. My senior FSO Economic Officer was incompetent as the Chief of the Economic Sect. Everybody agreed, but it took me six months to get rid of him. I finally then went up and recruited a superb Economic Officer in Bonnie Lincoln, who's still at the embassy, who turned that situation around very quickly. But I had to put up with eight months, functionally, of having nobody in my key economic slot, in an understaffed Foreign Service mission.

*Q: And you saw this as being the key section?*

WINSOR: Yes, it was one of two key sections.

*Q: In Costa Rica?*

WINSOR: Yes, that's right. And I had to use a very good writer in the AID mission to do my economic reporting work, a fellow who just died of cancer last year named Owen Lustig. Owen--working with a junior FSO--worked around this guy, who was hopeless. Yet he's still in the Service I understand.

*Q: Well, what about the support you got from the State Department for this type of restructuring?*

WINSOR: None. Because it was alien to the Department's thinking, and I ended up in a terrible fight with the Department, particularly over my conditionality on opening up the banking system. The Costa Rican left screamed, and a fight broke out because the President of the country, with whom I had my informal deal, had gone to Europe for about a month to try to convince the Europeans that the Sandinistas were bad guys and the Costa Ricans were good guys. And in that period, elements of the left attempted to double-cross me on the conditionality we had agreed to with the government.

*Q: How competent did you find the Costa Rican side, on the economic side, bankers, economists?*

WINSOR: Very competent. They were very well prepared. The Costa Ricans, I would say, had a team of very, very good people. The problems we ran into, however, were not the technocrats. They were the politicians. The left-wing of the Partido de Liberacion Nacional--which is the European Socialist type party that was the government party at that point in Costa Rica--had

nationalized banking as one of their sacred cows. And they saw me, correctly, as attempting to undermine them.

On the other hand, I saw U.S. aid--all \$300,000,000 bucks worth of it at that point, a year--going down a rat hole, if the credit sector would not support what we were trying to rebuild. This was an export economy which would require a certain amount of credit flexibility, as opposed to political flexibility, in dealing with the investors who were going to put together the export products, which were going to be mainly agricultural and in some cases commercial. So the battle grew over that. It was called the Ley de Moneda, which was put forward by the government itself ironically, and would have, in fact, opened the money law. Ley de la Moneda. "The law of the money," would be the literal translation. There was a terrible fight over it within the PLN, which controlled the congress, because some of the most left-wing elements were aware of our deal and were supporting us because they were decent people. Some of the slimier elements in the country were attempting to block it because they did not, for their own reasons, want that to go through.

I ended up withholding aid--something no ambassador had done in Costa Rica--for a month. To the point where, literally, the country was on the brink of problems. And the resulting battle forced me, in fact, to have to take a position of disobeying instructions from the Department of State to disburse the aid.

Motley and the ARA Bureau, looking at the uproar over my nondisbursal and getting uninformed assurances from Europe--from Monge, the President--ordered me to disburse it, at a point where if I had disbursed it I would have lost credibility and our deal with the international financial institutions wouldn't have worked. I refused to disburse it, and I stood on that position for about two weeks. The only person in Washington who supported me, and who turned it around for me, was Pete McPherson, administrator of AID, because his AID mission had been keeping him personally briefed and he interceded with Secretary of State Shultz. And in fact, Shultz then did turn the pressure off me.

Secretary Shultz, by the way, alluded to this in his speech at Pete McPherson's retirement as being an example of Pete McPherson's courage and ability, when in fact the courage and the stake was on my head. Because, I was in effect, standing for the credibility of the U.S. government, against the Department of State which was backing a statist cave in.

*Q: Well now, you received instructions and what did you do?*

WINSOR: I said that, "It is my position, and the position of the country team, absolutely unanimously, that we cannot do this and retain credibility." I refused to disburse the funds. The cables, of course, were signed by Shultz, but were written by Motley and the ARA people. And at that point, fortunately for me, I think, I got some friends of mine from the White House to get into the picture or I would have lost my head then and there.

*Q: I was going to ask, how did this work?*

WINSOR: Well, the White House people initially saved my scalp. Then Pete McPherson moved in and . . .

*Q: He was the Director of AID?*

WINSOR: Yes, he was the Administrator of AID. And he reasoned with George Shultz, who is not a slouch on economic matters. And Secretary Shultz realized that the Department had, in effect, been giving me the wrong instructions, and backed off. Right about that time, the President arrived back in the country, saw what was going on, and pulled what is still known in Costa Rica as the "Mongazo." He fired half his government, including the ones who were giving us a problem. He called me over to the Presidential Palace, gave me a great public abrazo for having done a public service. The aid was released and everything went well.

But it was an adventure and a half, and a interesting example of dysfunction by the ARA Bureau, which failed to note the economic arguments in their anxiousness to placate the leftist political status quo in Costa Rica.

*Q: We were talking before this interview began about the problem within the State Department, about the dysfunction, as you say, between economic and political. I wonder if you'd care to talk a little about how you saw it at the time?*

WINSOR: Well, I see it kept going to people. The Department lacks enough good people with thorough economic training, and who look at politics from an economic point of view. I believe that you can have no democracy without a free economy. What avails you, if you can vote four times a year, or once every four years, and your freedom of choice in terms of what you do in the economy which affects your everyday liberty is curtailed to the point where it's to be meaningless. This is, how do you say, an overstated point but the point nevertheless is valid. The United States has, in my view, tended to dote over free elections, and perhaps freedom of speech. But we do not, I believe, and I think the Department of State is where this omission exists, give equal attention to the question of whether a person can exercise their freedom in the marketplace. Whether a person can get credit without having to bow to government requirements, and government credit rationing; whether a person can sell their produce for what it's worth as opposed to what the government says it's worth. This is a fundamental issue and I believe an area in which the Department of State has not come to grips with political reality, partly because it is badly understaffed and badly under-represented.

*Q: But does this sort of reflect the United States, the media, the political system?*

WINSOR: No, I can't blame the media in that at all. I think it's purely an internal aberration of the Department of State, which is looking at politics in too narrow a band. The light band of politics has got to include the economic dimension to a far greater extent than it does. And that's one of the reasons why you see such idiocy as giving GSP [General Sales Preference], and tax preferences to countries like Romania. It is a huge blind spot.

*Q: How would you describe the political situation in Costa Rica when you came there, and some of the personalities?*

WINSOR: Costa Rica is as stable as the United States is politically. It runs on a two party system. Both parties now have been more or less institutionalized. The political spectrum is considerably to the left of the United States, in Costa Rica, and up to a point that's okay.

Where I had my big fight was when I was trying to open it back up to the point where at least some market forces were playing in the area of credit. Because if you have credit frozen politically, the potential for not only mischief but for non-development is enormous. And we were investing \$300,000,000 a year in the development of the Costa Rican economy, and I saw the non-functioning of the credit area as being the fatal bottleneck to that. So that's why the tremendous fight.

If I had lost that fight all of my efforts would have fallen apart. The conditionality that the IMF wanted would have had no meaning, because the IMF wanted this credit loosening just as much as we did. The same with the World Bank; we would have lost a \$500,000,000 package, of which the aid allocation--actually it was more than that, it was a \$900,000,000--package of which the aid allocation was only a part.

We were picked to do, for our conditionality, the bank issue, where the IMF picked the trade issue--or the World Bank picked the trade issue--the IMF picked the bureaucratic issues, and the commercial banks went with the whole package. They then rolled over and accepted a reduced pay out and gave the Costa Ricans an additional allocation of \$75,000,000.

*Q: So while you were there this package was put together?*

WINSOR: We put Humpty Dumpty together, and it stayed together until literally a couple months after I left. Then again, the same people who we had to beat down in the Ley de Moneda fight undermined our conditionality and, let's say, the coalition fell apart because the chap--who was George Jones, the DCM--was not willing to fight it.

My successor, Lew Tambs, also did not look at things economically and I would say the Costa Rican situation lapsed into a crisis that is now very serious again. The new ambassador there, Deane Hinton, is an excellent career FSO, one of the very few career FSOs who thinks in economic terms and I believe that he will do what I did. In other words, I think he will get the economic thing back on track. I have every confidence he will.

But it's been a dangerous lapse, and the lapse itself again speaks of the unevenness in the Department of State's or at least the ARA Bureau's capabilities in this field.

*Q: The political leadership, when you were there, was . . . ?*

WINSOR: Luis Alberto Monge had been elected President in 1982. He was a labor leader and a lot of people were very afraid of him, but he turned out to be a staunch democrat and anticommunist. He recognized the spot Costa Rica was in, and that Costa Rica had to become more productive in order to maintain its highly developed social program. So he was willing to

tradeoff some of the--what he himself would privately admit were out of control programs of the state.

Q: *Such as?*

WINSOR: Such as, for example, the organization of parastatal industries, called Codesa, which accounted for 50% of the public sector deficit every year and only employed 1.7% of the work force. One of my final contributions, before Motley got me, was to get from the AID mission and my friends in the PLN government--all my socialist friends--an agreement to abolish that and to, in effect sell off all the parastatal enterprises. And it went through.

Q: *What sort of thing were these enterprises doing?*

WINSOR: Well, they owned a cement plant which was one-third as efficient as the private sector cement plant. They owned an aluminum factory which was totally nonfunctional because it had been based, again, on pre-OPEC concepts of fuel, but which was fully employed or fully staffed and was a total drain on the economy. They included a vast number of smaller enterprises, all of which had been failed enterprises that had been bought in by the state rather than let them go bankrupt. And I saw this as a great bloated sump taking all of the assets out of the economy of Costa Rica.

The President and the man who is now the Vice President, in fact Oscar Arias himself, fully agrees with this position. I put together the program for reducing and eliminating it and signed it just before I departed. I consider that to be my greatest gift to Costa Rica.

Q: *Why is Costa Rica so different from the other countries? I mean, you say it's as stable as the United States, politically, yet it's surrounded by some of the most venal, militaristic, elitist governments.*

WINSOR: Oh, you can use a lot of other adjectives.

Q: *You can use any adjective you want and they all apply.*

WINSOR: It's fairly simple to explain; and as a Latin American scholar, it's very inviting. Costa Rica's the only country in Latin America, really--not just Central America--that evolved very much as the American colonies did, or the majority of them. They had no Indians to enslave, to speak of. It was sort of an underpopulated area, from the point of view of the Indian peoples, at the time of the Spanish exploration. It was not rich in minerals, in spite of its name. The name came from the fact that Columbus noticed gold pieces that were worn by the chiefs. These things had been inherited and largely imported from elsewhere. It was a country that was only fit for agriculture, and small agriculture at that, because it was quite hilly.

So the result was the settlers of Costa Rica came largely from Galicia [Spain]. They were small farmers. They settled in the higher central valley area. They, like the colonists in New England, came together with and in effect managed themselves. They developed a history of self-

government. In the late or mid-19th century, coffee came in and it allowed people who owned modest amounts of land to make a reasonable income.

The result was that the country developed a strong middle class. With the development of the middle class came a tremendous topsoil for the country's democracy. The country had its share of strongmen and dictators, but they were never out of line because they never had the prodigious wealth to expend, and they were at the mercy of the populace; because they did not have big armies or the wealth to create big armies.

The result was that Costa Rica evolved into a true Hispanic democracy.

*Q: Did you feel that we treated Costa Rica in a different manner than we do the other countries? Because I'm thinking here's a democracy and one can upset a democracy whereas you can ride a little bit tougher with a country that has a military dictatorship.*

WINSOR: Well, to some extent that's true. Yes, we did treat them a little differently. I always jokingly referred to Costa Rica as the Vestal Virgin of Latin America for that reason. But on the other hand, I think that doesn't mean you don't have thieves in Costa Rica, too, who would like to abuse the aid that we give them--or for that matter their own people.

You have a former President of Costa Rica right now who is a drug lord, who is the godfather of all the drug activity in the country. I can't say his name or I'd get my tail sued, because we only knew it through illegal but still very convincing means.

But Costa Rica has enormous problems. But it does have a history of true democracy that is flawed, in my view, only by the abuses of government that has become too perverse in its economy. We have changed that a bit, and I think that Oscar Arias is following very much in Monge's footsteps, in terms of what he's doing for the economy. He's privatizing it to the point not where you lose the social justice and the safety net but we lose the really bloated, inefficiency and thievery that had been occurring at the level of the parastatal enterprises and at the level of government bureaucracy at the extent of service. Mexico, of course, is the ultimate example of where you have a country evolve into a true kleptocracy, as one of my friends calls it. Costa Rica could evolve into a kleptocracy very easily. And that is the great danger to the country, particularly with the narco-traffickers being in there to the extent that they are.

*Q: Did you have trouble with corruption?*

WINSOR: Not overly. There is venality in Costa Rica, especially through this one former President, who's Vice President of the Socialist International and fairly well known. But, I would say that Costa Rican corruption was within manageable bounds while I was there.

Now, I've heard that it's gotten worse, but again, I don't believe that you have anything like the kleptocracy that you have in Mexico. And I think one has to make certain cultural--at the risk of sounding more righteous than I feel--you have to make certain cultural allowances for that kind of thing. But, having said that, I would say also that because it is a rather egalitarian democracy and the Costa Rican people don't put up with corruption beyond a certain point. They have a

vigilant media and they're fully prepared to ride a would-be Lopez Portillo [former President of Mexico] out of town on a rail.

*Q: Moving, again, to a different field, what were your relations with our military attaché?*

WINSOR: We didn't have a military attaché in Costa Rica.

*Q: Really?*

WINSOR: We had what we call an Office of Defense Cooperation, because Costa Rica had no military. Although they have, in effect, a civil guard or militia. We did, in fact, try to help them built up a capacity to protect themselves, particularly from the point of view of the Nicaraguans on the border, and dealing with the ever-rising flood of narco-trafficking.

This led me to bring in the idea of a semi---they use the term elite, but very advisedly, within the Costa Rican's function these would be trained as opposed to the presently, relatively untrained Costa Rican draftees who served in the Guardia Civil and Guardia Rural. We trained about 800 of them in techniques that would enable them to preserve and hold the border short of an outright attack by the Sandinistas. There's an awful lot of Sandinista incursions, Sandinista abuse of the border area.

Then Oscar Arias was elected, and when I was not in there, that was discarded and the Costa Ricans have gone back, probably, to a weaker posture than they had before. We also tried to develop an intelligence net for the Costa Ricans. We trained 30 college graduates, young people, to become intelligence evaluators, arguing and the argument being accepted, then by Arias and by his opponent as well as the government that a disarmed country ought to at least know what's going on. Well, they've abolished that as well. So they really are disarmed now, both from the point of view of intelligence and the border. Those were my two principal thrusts in the defense and intelligence areas; and I have to regard those as having failed.

The third area was to try to get the [U.S.] National Guard into the country to do some roadwork that I couldn't get done with my aid budget. They're now building roads in Panama--or they have built roads in Panama, and in Honduras. I wanted to get them in to build some roads in the northern zone of Costa Rica, which is relatively undeveloped, which would help get some of the tremendous rich land up there opened to the Costa Rican marketplace, and more important, the export marketplace.

Well, this raised hell with the leftist politicians, who saw the U.S. Army people building roads as being a U.S. threat through Costa Rica to the Sandinistas. And it became quite a cause celebre and I lost, although I gather shortly after I left, the Costa Ricans allowed the U.S. military to build a very badly needed road in the south of the country. I saw this as being a tool for development, and given my own feelings about Nicaragua, a signal to Nicaragua. My only regret was that it didn't work.

*Q: Could we move then to the Nicaraguan threat?*



WINSOR: Sure.

*Q: The Contras--you might explain for the record.*

WINSOR: The Contras are the Nicaragua resistance, which had their history originally as disaffected members of the Sandinista Armed Forces, some relic elements of the Somoza National Guard, and a whole bunch of campesinos who'd been driven off their land by the policies of the Sandinista government.

The Sandinistas take all of the campesinos' production, give them a ration card, and only honor the ration card if the campesinos give their sons and their allegiance to the government, and give up going to church. When they don't obey all those functions they can be, in effect, starved, because they've had to give up their food. If they don't give up their food, they get shot, and their wives get raped, and it's very unpleasant. That's why you have approximately 1/8th, 1/9th of the population of Nicaragua right now in exile, or as refugees.

Anyway, these people were being used by the U.S.--the CIA-- as a stick to supposedly force the Sandinistas to negotiate and become good democrats, which they promised to become in 1979, when the OAS recognized them, instead of Somoza, as the legitimate government of Nicaragua. This was the conditionality for such recognition, and nobody has held them to it.

*Q: Well, what was our role in Costa Rica at the time?*

WINSOR: It was very secret, but at that point we were helping one of the Contra leaders, Eden Pastora, who was it turned out, singularly ineffective. The man is tremendous in front of the press, but as a guerrilla he lived up to his name, *Comandante Zero*. I found that singularly appropriate for him. He did nothing effective as a guerrilla whatsoever.

*Q: What, again--this is unclassified--was happening?*

WINSOR: It's out now, but at the time, of course, this was all very sensitive. But, Pastora--unlike the poor Contras in the north, who had no political root--had a political root. He had been part of the governing Sandinista body. His political element, headed by Alfonso Robelo, had claimed the real legitimacy of the Sandinista revolution. Robelo had been on the original junta, and had been one of the original leaders of the revolutions. So he had an organic claim to the Sandinista revolution himself. And indeed, it has always been Pastora's point that the Sandinistas have no right to call themselves Sandinistas because Sandinista was a nationalist and an anticommunist. He threw Farabundo Marti, the Salvadoran representative of the Comintern, out of his movement. And although he took some aid from the Comintern, for a few months, he then saw what it meant and stopped taking it well before he was killed.

Those of us who follow Nicaraguan history, find the Sandinistas' sanctification of Sandino a bit ironic.

*Q: Well, what was the threat of Nicaragua to Costa Rica at the time?*

WINSOR: Basically, the threat or the nature of the problem was constant border incursions, a growing refugee problem which is now huge in Costa Rica. There are 250,000 refugees in the country, which are straining its social net, and its medical and educational systems. But more importantly, they were threatening Costa Rica politically, and in the labor area.

Communist labor unions are really "sleeper" agents. The communists will move into a union, they'll run it honestly which often free labor won't and then when it becomes expedient, they will blow the union up if it would bring down the government or serve one of their objectives. And they did such a thing in Costa Rica in early 1984, when they forced a strike at the great banana plantation of United Brands in Gulfito.

The Gulfito plantation had been relatively marginal, because of the high cost of labor. And by, in effect, pulling off the strike, they both forced and enabled United Brands to shut it down. This denied the government \$35,000,000 a year in tax revenues, it put 5,700 people out of jobs, and it was meant to create a crisis that would destabilize Costa Rica. We were able to avert that, but it was a classic example of how, in effect, terrorism can be used in unconventional ways.

Terrorism is not just bombs, it can be the abuse of social institutions in such a way to manipulate instability and to create uncertainty, just as effectively as a bomb in a supermarket would do.

*Q: Were we aware of this as this progressed?*

WINSOR: Oh, you're right we were. Certainly we were aware of it. It was the core of our reporting from the embassy, for two months. I was very much involved in the attempt to maintain the productivity of the land, and to avoid a total disaster for the Costa Rican government. We did help them, I believe, do a transition, but whatever occurred--at least 4,000 jobs were lost on the net, that, and in a small country like Costa Rica that's an enormous blow.

Costa Rica's population is 2.4 million--or it was at that time. Four thousand jobs in a population of that would be the equivalent in the United States to 50,000, 60,000 jobs; that would be--in the U.S.--a heavy blow.

*Q: In this type of confrontation with--both internally and externally--how did you perceive the role--how well were you supported by the CIA? Again, I'm keeping this as an unclassified paper.*

WINSOR: My CIA station initially was not very good because it was geared more to working with the Contras than with working on Costa Rica. I complained vigorously about this, and by mid-1984 I'd gotten the thing turned around so that it both did the Contras--and it also served internal needs. Because I wasn't so much worried about--I was a little bit worried about subversion with Gulfito, the banana plantation activity--but I was also concerned because Costa Rica had, at that time, paramilitary groups growing out of the increased tension, which happens in Costa Rica from time to time, from both the left and the right.

The communists had a thing called the Mora-Canas Brigade, which at any one time keeps 500 Costa Rican communists in Nicaragua, usually fighting with the EPS, and then returns them and rotates them into Costa Rica. But they come into Costa Rica, secretly, and they keep their

automatic weapons and their training. I felt that, given the weakness of the Costa Rican military, this was something which required a much more sophisticated eye on our part than we were giving it. And ultimately, obviously, this was agreed to. And it led to the attempt to shore up the border patrol, and to develop the intelligence net, which Oscar Arias let go.

*Q: Well, did you find that the CIA was sort of running its own show without coordinating with you, or did you feel that you were in charge?*

WINSOR: No. While I was ambassador there was a great deal of coordination--very informal. I had country team meetings once a week. But I would usually see my chief of station once or twice--once a day--or every other day, informally. I kept an open door, and I expected if there was anything of interest going on he would stroll in and tell me about it, or at least get an appointment and stroll in when I didn't have somebody with me. I think, by the way, he got a very rotten deal in the Iran-gate business. They made him a scapegoat. I think it speaks very badly of the Agency, that they would do that to him. Because he was a very, very careful man. And he did nothing that wasn't authorized, I'm quite certain, from higher up.

*Q: Well, how about the use of the media, both your USIA, and media interest?*

WINSOR: I used to call USIA "useless," instead of USIS. We had a very ineffective USIA operation for part of the time there. I started out, and I got spoiled by having a terrific PAO, which made all the difference. Then I ended up with a--I would say--a very ineffective one, which I would say--it didn't make our life as difficult as it would have in a different kind of country--but we, at that time, had very good relations--and still do--with the Costa Rican press.

But what this woman did was really antagonize--was minimize the naturally good relationship that existed and gave us no opportunity to build on it. She's out of there now, but she cost me, and she cost my successor, a great deal. I advised him to fire her, but he didn't listen to me on that. Also, it's hard to get rid of them. But she's now going into retirement.

But I must say that I was spoiled by the one I had up until December of '83. Her name was McCaffey, and she was superb. She's now in Chile. I'd say that she was good enough to be an ambassador. She had a great talent for dealing effectively with people politically, in the media, and in every way. I went from excellent to the worst, or to about as bad as you can get.

*Q: Well, how about your relations with Congress?*

WINSOR: In Costa Rica?

*Q: In Costa Rica. I mean, the American Congress.*

WINSOR: We had a tremendous number of Congressional visitors coming through. My own relations were excellent. I still regard, of all people, Steve Solarz as a personal friend, and I enjoy having a good fight with Steve over an issue.

*Q: Steve Solarz is a Democratic Congressman from New York.*

WINSOR: New York, yes, who's very abrasive, and who's very bright, but who's been a critic of the policy. I got along very well with him because at the end of my tenure I had become a critic of the policy myself. And we had great fun talking about it, from very different points of view. We were critics of it from different vantage points.

I must say that one of the most enjoyable evenings I had in my tour in Costa Rica was a dinner for Steve Solarz. Just my political counselor and I had him to dinner with three former foreign ministers of Costa Rica, all of whom spoke English. Fernando Volio, who is a brilliant man, Jorge Rossi and Gonzalo Facio.

At that time the Department of State was still attempting to defend the Contadora process, and the Department of State was attempting to continue to negotiate with the Sandinistas, unilaterally. And these chaps got loose on Steve Solarz, on this stuff. And Steve, because he, of course, would oppose anything that would confront the Sandinistas, found himself supporting the administration's position. Two hours later, with his jacket off and sweating profusely, Steve Solarz staggered out of the dinner and said, "Curt, only you could have set me up to defend the Reagan administration, for two-and-a-half hours, in Central America."

And I have to admit my only regret was that I didn't have a television camera, because Solarz put on one of the most spectacular defenses of an indefensible policy that I've seen in years. The man's a superb debater. I wish he were on my side.

But we had no problems with the Congress, except for one very bad visit by Rostenkowski, on the Ways and Means Committee, who came down to announce the Caribbean Basin Initiative as though they were God touching the hand of man; when in fact they were giving away nothing. And, you know, the arrogance of that particular individual was really the only really sour point in my otherwise very productive relations with visiting Congressmen, of both parties. The other marvelous visitor we had was Pat Moynihan, who I always admired. And getting to know him compounded that, even though, of course, he's a critic.

*Q: That's Pat Moynihan of New York?*

WINSOR: Senator Pat Moynihan, yes, of New York, who consumed--from cork to bottom--one entire bottle of brandy in three hours, sitting in our living room, I couldn't believe it, and who never once lost his stride--he has an incredible intellect.

*Q: Well, from the White House, were you getting any instructions from the White House?*

WINSOR: No. In fact, I got into a lot--one of my main problems with Tony Motley, who was my nemesis at the Department--was that I kept in close touch with Constantine Menges, who was then the Latin American guy for the NSC staff. Particularly on the Nicaraguan geopolitical side of things. That annoyed Motley no end because he and Menges had been waging war on these issues; the internecine conflict of the Washington scene for well over a year. But I didn't get instructions from the White House, and nor was there anyone there who would have been dumb enough to try to give them to me. I mean, I knew Ollie North very well.

*Q: Ollie North, being with . . . ?*

WINSOR: On the NSC staff--of great fame lately. If Ollie had something in mind, he would have asked me about it. And if I had survived, I'd like to think, that I would have at least talked him out of a few of the bad ideas he did put in motion in Costa Rica. But Ollie had in-- well, it doesn't pay to speak to ill of my successor--but let's say my successor, although he had great courage in front of narco-traffickers, had no courage at all when it came to politics. And he said, "Yes sir, no sir, yes sir." to some of Ollie's harebrained ideas, and got the thing into much deeper trouble than it should have been.

*Q: Well, this comes to why your relations with Motley and all-what brought about your departure from Costa Rica?*

WINSOR: Basically, I disagreed with the policy. I felt that the policy, with respect to Nicaragua, was wrong. At one point I came back with a memorandum, which stated flatly that the President had been lied to. I won't go into that because it was classified. But suffice it to say, that the President had in fact . . .

*Q: You're speaking of the American President?*

WINSOR: Of the United States, yes. That memorandum was then put into the hands of three members of the U.S. Cabinet, and the resulting debate almost caused another Cabinet member--you can imagine who it is--his job. At that point, however, a decision was made and that Cabinet member remained and the other two left. I would say the National Security Advisor was one of them. This was Bill Clark, Casey--well Bill Clark, Casey and Kirkpatrick were the three. Two of them left. At that point my tenure in Costa Rica became impossible, and I had to depart.

*Q: I can't remember--this is . . .*

WINSOR: That was, you know, putting yourself in harm's way. I put myself in harm's way, and one has to expect consequences from . . .

*Q: But you felt that the issue was sufficient to . . .*

WINSOR: Yes, I felt that we were playing to lose, and that the Department--not the Secretary, but an element that the Secretary respected apparently--had lied, or had written papers that had lied, and that I could demonstrate that they had lied to the President. This is Motley. Motley was dismissed a couple of months after I left, but it never really became public what he had done. And the United States' policy and credibility had been endangered there.

Now this had nothing to do with Iran-gate, at that point. I was talking strictly about the way we were supporting--not supporting--or dealing with the Central American problem, the Contras.

*Q: What were your relations with the other ambassadors there, because this was a very politicized group, if I recall?*

WINSOR: Uniformly excellent. I got along with everybody except for Bergold, who I felt was a . . .

Q: *Who was . . . ?*

WINSOR: Bergold was the relatively new ambassador in Nicaragua, just as I was leaving. Tony Quainton was an old friend of mine from the Foreign Service. And although we disagreed on a lot of things we got along very well personally. John Negroponte and I got along very well.

Q: *Did you consult quite frequently, to sit down and get together?*

WINSOR: My friend Tom Pickering was up at Salvador. Yes, we talked rather frequently. Motley went out of his way to try to prevent us from getting together, for obvious reasons, that would become known at the end. But we did talk quite frequently. And when there were problems we would exchange information, usually on the classified telephone, which works marginally, but it usually works just enough for you to get the gist.

Q: *Do you have to shout over it?*

WINSOR: Ted Briggs, I got along also very well with. In fact, I still keep in touch with him. Bergold I felt, by the way, did a very dishonest job as U.S. Ambassador in Nicaragua, in that he felt and treated that embassy as if it were an Eastern European embassy, where we're dealing with comfortable communist states that we have more or less reconciled ourselves to. And his attitude in Nicaragua was along the same line. And I felt that was extremely destructive of the marginal U.S. presence there, and its justification. I believe that I am joined in that feeling by a lot of the--by some people in ARA even today.

Q: *Well how did your removal from office come about? If you want to call it that?*

WINSOR: Well, I fully expected it when I heard that George Shultz had survived the fight at the Cabinet level. I was a chicken hawk messing in a fight amongst eagles. You don't keep your feathers that way. I was notified by Ron Spiers that . . .

Q: *He was the Under Secretary for Management, I think, in the State Department.*

WINSOR: Yes. I was removed within a very short period of time. And they did it, you know, attempting to give me the minimum amount of grace that I could, for getting out. I ended up leaving on the 28th of February, as I recall. They did it in a fairly ugly way, although I had a lot of support both from my embassy and from--particularly the Costa Ricans, who were fully aware of what was going on. And the result, in fact, was really rather sad. Because there was a tremendous wave of letters from people in the government of Costa Rica to the President to try to change things around. Even before the axe fell they knew what I was up against.

Q: *Mr. Ambassador, during this crisis how well did you feel supported by your embassy?*

WINSOR: Well, the embassy as a whole, very well indeed. By my DCM, not at all. That was the one mistake in my tour, which I would never make again if I ever get another embassy. I think a DCM should be, above all, loyal to his ambassador as long as it doesn't require his going against the policy of the United States. And it turned out that he had been, in effect, ratting on an open line to Motley's people about everything that I had done which they might take exception to, in terms of any conversations that I had held. And I included him in all of my conversations. He had released speeches that I had given, and I speak extemporaneously without my clearance, to the press and to the Department. He did a number of things along that line that should have, in my view now, warranted my dismissing him as DCM. And I didn't. I was too proud to do it. I felt I could work with him. He was a good administrative type. I don't think it cost me my job, but it cost me, I would say, a lot it may have exacerbated the problems I had with State far more than they needed to be. He was my largest mistake, and really the only major personnel problem other than the ineffectiveness of my economic fellow, and my PAO, for different reasons. He was the only really negative thing that ran against the performance of my mission.

*Q: I can't remember exactly, but there was something about during the election of 1984 about Jesse Helms? What was behind this thing? I'm not clear about that.*

WINSOR: I was a political appointee. I was very active in Republican Party politics, and he asked for my endorsement. I liked Jesse Helms and his people. I would rather have seen a Republican in that Senate seat than a Democrat, and why should I pretend otherwise? I serve the President of the United States. So I endorsed Jesse Helms, and I'd do it again with no apologies.

*Q: What was Jesse Helms' role in this? Because he's taken a very strong--we're speaking of the major Republican figure in the Foreign Relations Committee--he's taken quite a strong role in policies, particularly with Latin America.*

WINSOR: He's the ranking minority member now. Well, he has an interest in it. I was never close to Helms per se. Except, of course, he did preside over my confirmation hearing. I've never been--unlike some of the other political ambassadors, one of Helms' staffers or of his camp. But by the same token, I don't generally have too many disagreements with Helms' positions. And I felt very comfortable, when asked, endorsing Helms' for re-election, as opposed to a Democrat who presumably would have voted against the administration's policies in the area.

*Q: But there was not a close relationship? You weren't sort of one of Jesse Helms' boys?*

WINSOR: No, that's generally well known. I mean, there are some other people like, say, Dick McCormack and Lew Tambs, who were. But I was not. And indeed, to pacify Helms, Shultz very cleverly put Lew Tambs in as my replacement when he removed me.

*Q: When you came back, did you play any role in discussing what you felt was our failure or our misconceived policy?*

WINSOR: Yes, but of course, at that point the tide was running very much against all of my friends. Constantine Menages was having problems, as were most of my fellow ambassadors, who were in the area and who shared my views. John Negroponte was removed and put into

OES, ironically. Whenever John gets into trouble they throw him into "tuna." They did that after in Southeast Asia; they made him the tuna negotiator. And now in Central America they put him over the OES Bureau. Now, of course, John's in a catbird seat at the NSC, and I hope maybe he'll do some good. He's about the only one who can.

Ted Briggs was a good friend, and I kept in touch with him in Panama. Pickering, of course, had gone out to the Middle East. They had moved him out a little more quickly than originally had been planned. Because I think he was too strong an ambassador for the ARA Bureau, which was intent on doing a policy with yes men in the embassies, which is not unheard of for them. And this was, I think, one of their motivations for clearing things out.

My own particular problem I brought on myself, because of getting involved in that other issue, which is high politics. But there was also a general change away from the stronger Reaganaut, or hard-line U.S. ambassadors in the area, with the exception of Briggs, who was finally put back into Honduras. I think the result has been chaotic perceptions of U.S. consistency in policy.

*Q: Looking back on this, what would you say, in your assignment there, was probably your greatest accomplishment and then the reverse, the greatest disappointment?*

WINSOR: There are two great accomplishments, that I view. One is the dismantlement of the parastatal enterprises; I put that project together and got the government to agree to it, and it is underway and I think will be effective within the next year it'll be completed. That was a major move and it got the Costa Ricans to do what they had to do to help themselves.

And the other one, which is more strategic, the one that was more tactical was the getting the arranging of Costa Rica's refinancing. That was, I thought, a singularly notable accomplishment given the handicaps, the opposition that we faced. The fact that we actually got it done made the difference between success and failure for Monge's administration, and I think, gave Costa Rica a tremendous lift. During that period she was able to get her exports--non-traditional exports--up from about \$70,000,000 a year to over \$400,000,000 a day or \$380,000,000 a day. I think a lot of that is because of the financial burden we lifted off the Costa Ricans at just the right time. And opening up her credit.

*Q: And the reverse side, the disappointment?*

WINSOR: My biggest disappointment came after I left, with the dissolution of the defense element on the frontier and the intelligence element within the country, which I felt would have enabled Costa Rica to protect herself without having an army.

In terms of my own mistakes, the only mistake that I really fault myself for was not firing my DCM.

*Q: You had considered this at the time?*

WINSOR: I considered it in April of '84, and I thought I could live with it. I caught him leaking, to the people in the Department, stuff he shouldn't have, and letting out unauthorized speeches,



which he had no business doing. And that shall we say, one of my fellow career ambassadors, not a political ambassador, came all the way down from post to tell me to fire the guy, in December of 1983, and I was too proud to do it.

*Q: You said December of 1983 or '84?*

WINSOR: December '83.

*Q: Well, because this interview is being conducted, in part, for the training of Foreign Service Officers as they come into understand how the policy works, what was your evaluation having seen it both from within and out of the Foreign Service when you were at Costa Rica?*

WINSOR: I am, unlike many conservatives, a fan of the Foreign Service. I was an FSO. I feel good about FSOs. I feel that in many cases the very fine Foreign Service Officers are pearls thrown before swine. But unfortunately, a lot of the swine are of their own making. I look at elements in the leadership of the Department of State as having created a system in there, which take the best and the brightest and reduce them to, in many cases, yes-men or people who go along with the flow. This is a terrible contradiction. Because on the one hand you have in the Foreign Service and the Department the elite of the United States Civil Service, the finest people that the United States has to offer. And by the very structure of the Department we then, in effect, undercut a system which should, in effect, bring the foremost upward and bring their thinking to the fore.

Today I would say the way the Department works is totally contrary to that. And it favors the interests of the relatively small, entrenched, old boy network. I won't say they're not fast trackers who get up into it quickly, but which I believe has undercut what should be the effectiveness of the Department by creating a sense of fear, of retribution for original thinking, for boat rockers, for people who do not fit a smooth norm.

The John Negropontes, Tom Pickerings still make it, and that's a good sign. But there are too few of them now.

*Q: Okay, well I thank you very much.*

**JAMES L. TULL**  
**Deputy Chief of Mission**  
**San José (1985-1987)**

*James L. Tull was born in Iowa. After serving in the US Navy from 1951-1955 he received his bachelor's degree and his master's degree at the University of Colorado. His career included positions in Colombia, England, Uruguay, Dominican Republic, Cyprus, and Costa Rica. Mr. Tull was interviewed by Raymond Ewing in May 2001.*

*Q: You left Bogota after only a year because Ambassador Tambs asked you to accompany him to Costa Rica, again as his DCM.*

TULL: Yes, I had thought that his leave of absence was nearly over and that he would be returning to Arizona State- it was important for him to retain tenure there as someone with a large family and fairly modest means. However, the Reagan administration wanted him in Central America so he was given an extension and he asked us to come with him.

*Q: Then you must have had a good relationship in Colombia.*

TULL: Very much so. He and his wife Phyllis remain two of our closest friends.

*Q: There were a lot of things going on with regard to Costa Rica and neighboring Nicaragua at that time.*

TULL: Yes and most of these had to do with our support for the Contra forces which went on until the fall of 1986. I should say at the outset that the names and programs involved in this- once very highly classified- are now in the public record, so I'm breaking no confidences. We arrived in San Jose directly from Bogota in early July, 1985, followed by the ambassador and his family about a month later. Within a day or two, he summoned Joe Fernandez, our station chief, LTC John Lent, our Army attache who had just arrived from Nicaragua, and me, to his home. He said at one of his final briefings at the White House, LTC Oliver North of the National Security counsel had told him to give high priority in Costa Rica to finding ways to support the armed opposition group, the "Contras," then fighting the communist Sandinista government in Nicaragua. Tambs also said this instruction was repeated to him by his assistant secretary, Elliott Abrams, at the State Department.

We had been sending assistance of all kinds to the Contras since 1981, but in mid-1984, congressional opposition had resulted in the Boland Amendment to the Foreign Assistance Act, which in effect made such aid illegal. The ambassador went on to say that opposition to Contra aid in Congress was very strong and that we therefore had to hold this instruction and any actions we took from it very closely. Even then he expected leaks and a firestorm of criticism to occur- therefore knowledge of this was restricted to the four of us to protect other embassy employees when the inevitable occurred.

At that time, the Costa Rican government of President Alberto Monge was in an uproar over Sandinista military incursions into northern Costa Rica and the deaths of several of their policemen. There were no Contra effectives inside the southern part of Nicaragua then, nor did we have any support programs except for debriefing stations for fleeing Nicaraguan dissents and troops. I did not realize then that it was Washington's intention to retain all initiative and control of USG aid to the Contras tightly in its own hands.

*Q: So they in effect were running the whole show. You mentioned the NSC and State- where else was this control lodged?*

TULL: Operationally, almost everything went in and out of the agency's Central American task force headed by Allen Fiers. For us, north, Abrams and Fiers were central, the "Anillo" (the ring) we called them. Of course others were involved too- the president even proclaimed himself a "Contra" at one point; bud McFarlane as NSC director, later Admiral John Poindexter, Richard Armitage at defense, Otto Reich of Abrams' office of public policy at State, retired Air Force General Secord, and others. But for us it was these three. Because we never knew for certain which of our visitors knew what, we never could volunteer any briefings ourselves. This led to some awkward moments- for instance, our Foreign Service inspectors arrived but never had a clue as to our principal substantive effort; NSC (National Security Council) members from outside North's staff clearly knew things were happening but not what and we stayed mute; congressional staffers regularly visited with questions we would not answer; and, most painful to me, even Ambassador Phil Habib, who the president had appointed as his special envoy to Central America, visited San Jose and other capitals often but obviously had never been brought into the core of things by Washington. It was difficult.

*Q: And what kinds of things were going on while you were there?*

TULL: First, it is important to keep in mind that most Contra activity and therefore support was going on along the Honduran border with northern Nicaragua. There, one could talk about thousands of Contras; in southern Nicaragua, the Contra forces of Pedro Chamorro at no time numbered above a few hundred. They were, however, closer to Managua and in the area of the vital Managua-Blue Fields port supply line. Our first effort was to try to reopen a disused airfield in northern rural Costa Rica for use as an emergency refueling site for charter aircraft making airdrops of food and supplies to Chamorro's small forces. We also were involved in Washington's plans for a communications intercept and eavesdropping facility to be jointly manned with Costa Rican intelligence personnel, naturally directed at Nicaragua. Plus we shipped medicine, food, and supplies to southern Contra forces whenever we could.

*Q: Let's talk a bit more about the embassy's relationship with Oscar Arias and the political climate in Costa Rica. It's a unique country with no military forces and such.*

TULL: Costa Rica indeed has a unique history in this area. It was settled not by gold seekers or treasure hunters, but by Spanish farmers who brought their families with them to live and work. The region also was quite isolated and difficult to get to, so it grew up nearly self-governing from its beginning and was really not part of the Spanish colonial administration which so influenced the rest of the countries of this region. "Ticos," as they call themselves, are rather proud of the fact that their independence simply arrived in the mail when the rest of Central America broke free; until then they hadn't noticed. So the "Ticos" emerged as a hard working, successful people with a considerable history of self government and a special pride in what they had been able to build and accomplish, particularly when they saw the mess their neighbors had made of their own histories and countries. Unfortunately, they are also convinced that they have important lessons to teach others in the arts of living peacefully and conflict resolution.

In my experience, even more than Argentina, Costa Rica is a country whose people are almost universally afflicted with the sin of overwhelming pride. Oscar Arias is in this regard, for me, the archetypical symbol of Costa Rican hubris. He was elected president to replace Monge in early

1975. He did not like our military aid to the Contras and the resulting mini-war, and was firmly convinced that he and other democratically-elected Central American presidents could exert sufficient moral pressure and suasion on the Sandinistas to force them to accept a democratic path. He was absolutely convinced he was right, the Reagan administration was wrong, and he never hesitated to so inform us or his visitors. Of course he was a hit with the president's congressional critics such as democratic Senator Dodd and House Whip Bonnior. It became a bit of a straddle for us, with Arias moralizing in one ear and Washington complaining about it in the other. At the same time, our relations with the GOCR (Government Of Costa Rica) remained good- we had a large and effective AID program, excellent USIS cultural and information programs, good commercial relations, and a host of American businessmen and retirees who were very happy to be there.

*Q: So the mission was able to do a lot of things while a few of you were involved with Nicaragua?*

TULL: Yes, we did get threats and one bomb exploding across from the embassy; we also had a cadre of young Costa Ricans who had been given commando and terrorist training in both Nicaragua and the Soviet Union- not a 100% friendly climate but we got along pretty well.

*Q: I have to ask you whether or not Colonel North came down to Costa Rica.*

TULL: Yes, but not frequently- twice, that I recall. CIA (Central Intelligence Agency) Director Casey also made a brief, low-key visit in his C-5 aircraft that seemed to take up a large part of San Jose's international airport; McFarlane also came through, as did Admiral Poindexter just before the Iran-Contra crisis broke, to exhort us all to keep up the good work and assure us that Washington was fully behind us.

*Q: And then the storm broke-*

TULL: Yes, on November twenty-fifth, 1985, the attorney general announced that we had indeed sold arms to Iran after all, and that we had used those monies, in part, to finance assistance to the Contras. What a bombshell! The source of Contra funding was perhaps a bigger shock to us then to anyone else- we thought we knew all the secrets!

*Q: So, let me make certain I know why you were so upset about what flowed from this announcement. Was it being involved in something you knew was not quite right, or was it being abandoned by those you counted on?*

TULL: Certainly not the former- I was ready to do more than I was called upon to do. The Boland amendments never caused me a moment of concern- since all the controls were in the hands of Washington, I considered it to be Washington's problem, not the field's. But the abandonment which occurred over the next few months hurt. This is why the word "betrayal" comes to mind occasionally.

*Q: How did that happen?*

TULL: Of course Meese's announcement set off a terrific hullabaloo with the president's critics crying, "Aha, as we've said all along, they've been breaking the law by aiding the Contras," just as Tambs had predicted earlier. As the controversy rolled on, demands became louder for House and Senate hearings, then the appointment of a special prosecutor, and then possibly fines, suspensions, and even jail time for the guilty.

*Q: There were a lot of people at the embassy in San Jose who as you explained were not aware of Contra aid efforts. How did they react when this news broke? Would they have liked to have known what was going on?*

TULL: Clearly no, in fact I think most were grateful to use the "deniability" that the ambassador had arranged for them. They were careful not to get crosswise with Abrams' leadership of the Latin American Bureau, and I later heard some stories of animosity at post toward Tambs and me and others. But to continue, as cries for punishment of those responsible became louder, we began to hear mutterings of, "We didn't know anything about that," or "We certainly didn't authorize anything like that" on the part of some- but not all- those in Washington who had been most insistent on retaining absolute control. At that time at the end of December, the ambassador was about to depart to reclaim his tenure ship, having been told to return or lose it. At the airport he predicted, "Jim, you watch- pretty soon they won't even remember our names." I shortly found out just how true this was.

*Q: What happened then?*

TULL: In February, 1987, Abrams asked me to come back to Washington for a brief consultation. We met in his office with his deputy, Bill Walker, and for an hour talked about nearly everything except Central America. Finally as we stood to leave, he said, "Well, Jim, this must be a rough time down there," to which I readily agreed. He went on, "I guess out of this has come a real lesson" and wagging his finger at me, continued, "Don't do any more favors for the White House!" This from one of The Ring!

*Q: And you were doing favors for the White House.*

TULL: Right. The few days I was in Washington I noticed that the word "rogue" seemed to crop up in a number of "insider" newspaper stories, referring to the actions of field personnel and posts in Central America. Anyway, I flew back to San Jose and told my wife to start packing up as I didn't think we'd be there much longer. A month later I received orders to leave. Later, back in the Department, the climate again seemed a little cool in some- but again, not all- quarters. For example, I was asked by staffers on the Senate Intelligence Committee to come by and give some testimony under oath. When I called the legal advisers office for guidance, what I got was brief and to the point: "Tell them everything you know and if you think you need help, hire the best lawyer you can afford."

*Q: Anything more to say about what probably was your most challenging and difficult assignment?*

TULL: Not much. As the whole Iran-Contra business wore down, grants of immunity and pardons seemed to be passed out fairly freely in Washington, but rarely in the field. A few there were forced out of their agencies and other professional reputations, if not damaged, were at least somewhat clouded. And finally, there was a bit of irony at the end of it all; with the Contras in disarray, the Sandinista regime of Daniel Ortega felt so supremely confident of their power and control in Nicaragua that they decided to confront Arias's criticism of them by calling for free, OAS (Organization of American States)-supervised national elections. They were beaten so badly and clearly that they were forced to step down. So a democratic government took office in Managua and shortly thereafter, Oscar Arias was awarded the Nobel Prize for peace! A decade and a half later, I imagine the words, "I told you so," are still echoing around San Jose.

*Q: So you came back for three more years with a Limited Career Extension given to you by Director General George Vest.*

TULL: Yes.

**RICHARD H. MELTON**  
**Director, Office of Central American Affairs**  
**Washington, DC (1985-1987)**

*Richard H. Melton was born on August 8, 1935 in Rockville, Maryland. He received his BA from Cornell University in 1958. He later attended Wisconsin University where he received his MA in 1971. He entered the Foreign Service in 1961 and served in many countries throughout his career including Nicaragua, the Dominican Republic, Brazil, Portugal, England, Uruguay, and Costa Rica. Mr. Melton was interviewed by Charles Stuart Kennedy on January 27, 1997.*

*Q: Then in 1985, you were assigned to the Department as the Director of the Office of Central American Affairs. That was a quiet time--only a civil war and a counter-revolution simultaneously.*

MELTON: When I was in Uruguay, I received a message asking me to return to the Department for consultations. It was a period of turmoil for ARA personnel with five DCM vacancies and other senior positions still to be filled after Reagan's re-election of 1984. So the Bureau decided to bring to Washington as many candidates for these jobs as it could identify and to conduct a mini job fair, with the DCM candidates being interviewed at the same time by the ambassadors to those five countries. These chiefs of mission were to select their DCMs through this round-robin interview process--it was a unique approach to senior personnel decisions. I was interviewed by all five ambassadors, although I had some reservations about taking another DCM position. It was an interesting experience; I was offered several of those vacant DCM jobs, including Honduras and Peru, but in the final analysis, I thought I had already served as a DCM and I would gain greater experience in an executive position in the Department--as an office director.

These five ambassadors were all looking for different attributes depending on their own desires and the needs of the posts. They were a mix of career and non-career ambassadors; the career ones, generally speaking, were more sophisticated in what they were looking for--the smart ones looked for people with complementary skills, different from their own. The non-career people, if they were smart, also looked for candidates who cover gaps in their own backgrounds as well as people with whom they felt comfortable and who were not "yes" men. The smart ones selected good officers; the others didn't do so well.

I returned in 1985 to be the Office Director for Central American Affairs. There was a new Assistant Secretary, Elliott Abrams. As a career person, I didn't give that much thought. But while on home leave before starting my new assignment I got a call from Abrams' secretary asking me to come to the Department to talk to the Assistant Secretary. We had a very pleasant chat; I did not consider it to be a job interview, but in retrospect I am sure that was exactly what it was.

Central America was a highly charged domestic political issue. But it was not true, as some at the time asserted, that policies were set by the ideologues while the "moderates" were on the outside looking in. The issues were important, as they were controversial; people of all shades of opinion, participated in the policy process. When people are deeply involved, it is more likely that personal attacks will be made and that excesses may occur. That certainly was true during my tour as Office Director. People often took things personally, even though the debates were about policy. Outsiders don't fully understand the policy process. If they disagree with the policy--and many did--too often they engaged in personal attacks, including vilification of working-level officers both in the field and Washington. This legacy, unfortunately, lives on in some areas.

Many of the policies had already been extensively debated by the time I arrived in the Office. The U.S. government had begun several years earlier, and was continuing, to build up its capabilities in the region. The Washington bureaucracy--in all agencies--dealing with Central America had also grown. In the Bureau of Inter-American Affairs, my Office had already gone through an expansion; when I took over, I think it was the largest Office in the Department--more than 25 officers. There was also a significant turn-over of staff at the time. So there were a lot of new people working on Central America--in all departments and in the field as well. It was clear that there were major stakes for the U.S. in each of the countries as well as considerable domestic political interest.

The situation in each of the countries was different. There were some common threads, but the differences were quite significant.

Let me start with Panama, which also fell under my office. It was ruled by Manuel Noriega at the time--directly or indirectly. He was undoubtedly calling the shots. The main issue was corruption in the leadership. It was only later that the drug connection surfaced. Panama was available to the highest bidder. Noriega maintained relationships simultaneously with us and with Fidel Castro; Panama was ambivalent about which horse to back in the several struggles underway in the region. Noriega was not constant to any policy except the one of greed and avarice. Our main effort was to try to move the country toward more democracy and stronger political institutions.

An election had been held and Nicholas Barletta, a World Bank official, had won the Presidency. We had high hopes that he would be the instrument through which democratic institutions could be strengthened. But he ran afoul of Noriega, who had him deposed by a pliant legislature. Barletta was pressured to resign; it was highly controversial and we had lengthy discussions about possible US reactions. It became much clearer later how Barletta was pressured to resign. Noriega took more direct control and then Barletta repudiated his resignation.

Within the U.S. government some people pushed for a visible gesture of support for Barletta. The problem was his case was suspect because on the surface at least he had resigned and the Panamanian Congress had accepted it without much reluctance. To seek to restore him in such circumstances would have been difficult to sustain, although in retrospect, it was probably the best of a number of relatively poor policy choices available.

The military-embassy relationship in Panama is and may well still be a continual source of some concern. For many years, the U.S. military was by far the largest and most visible US presence--we had something like 10,000 troops there at the time. The Embassy was small and a relatively minor player in the policy game. Large Panamanian issues always tended to have military implications which meant that USSOUTHCOM, the Panama-based US unified military command, had usually the predominant voice. Of course, the military was not always of one view. The USSOUTHCOM commander was not very keen on using his troops for what he deemed to be essentially political matters; so if incidents occurred, the U.S. commander favored conciliation over confrontation. There had been incidents between US military and Panamanian National Guard personnel from time to time. Some of our soldiers had been injured; in one case there had been an abduction which resulted in a wife being assaulted and a US soldier being beaten. When the question of a US response arose, the U.S. commander's attitude seemed to be "this too shall pass and we have larger issues at stake." The civilians wanted to take a tougher stance partly to prevent any misunderstanding by Noriega, who controlled the National Guard. They felt that limits had to be set to prevent the Panamanians from using the "salami" approach and whittling our rights away slowly but surely.

During the brief Barletta-Noriega struggle, had we--the US--been more vigorous and had we been able to internally reach consensus on a strong response, the outcome might have been different. Instead, we accommodated to what was a *fait accompli*. I must say that to his credit, our Ambassador, Ted Briggs, argued strongly for taking action against Noriega; in retrospect, he was absolutely correct. As I suggested earlier, unfortunately the "legal" case for action against Noriega was not very strong. Furthermore, I think Washington found the issues facing us in El Salvador and Nicaragua to be of greater priority and that we had all we could handle with those two countries. There were also some factors of which I was not aware at the time--and still do not have a complete knowledge--that may have weighed against taking firmer action in Panama. For example, it is now known that there was a long standing relationship between Noriega and the CIA; I don't know to what extent that was a factor.

One of the results of this chapter in our relations with Panama was that I was asked to take greater responsibility for Panamanian affairs. Until that time--and for many years--although Panama was, according to the organization chart, the responsibility of the Office of Central American Affairs, day-to-day management of the relationship was handled by a deputy who had



considerable autonomy and who reported directly to a deputy assistant secretary. I believe that this situation came about because of the importance and volume of work that Panamanian affairs had previously generated--primarily stemming from renegotiation of the Canal treaty. But after the Barletta ouster, the officer in charge of Panamanian affairs was put explicitly under my supervision, and I took a much more direct interest in issues that arose from our relations with Panama.

When I reported to ARA in 1985, we had a bump and shove relationship over the Canal. The time table for our turning the operations of that waterway to Panama had been established by treaty, but each time some action had to be taken--e.g. transfer of territory or change in the composition and functions of the Panama Canal Commission--there were endless debates in Panama City and Washington on the interpretation and implementation of existing agreements. The Canal gave Panama an important role in the region and was of strategic importance to the United States, and time had to be devoted to its issues as well as those arising from El Salvador and Nicaragua.

Costa Rica was significant at the time because it was one of Nicaragua's neighbors. Efforts were underway to strengthen our relationship with Costa Rica in the hopes of putting additional pressure on Nicaragua and the Sandinistas. That effort was almost fatally flawed because it failed to take fully into account traditionally strong propensities in Costa Rica. In the first place, Costa Rica resisted being drawn into the Nicaraguan situation. The Costa Ricans always considered themselves to be somewhat superior to the Nicaraguans in most respects. Second, Costa Rica had taken a firm neutral position in all Central American struggles; it had effectively abolished its armed forces years before, although maintaining a very significant police force which was as large as many military forces in Central America. But officially, Costa Rica did not have an army. It had a strong tradition of civilian rule based on democratic principles stemming from the days of Jose Figueres, who was still a political force although he was no longer President. The Liberal Party of Figueres has long been the dominant party in the country and had provided some support to the Sandinistas in their struggle against the Somoza dynasty

There were some signs in 1985 that the neutrality view might be shifting. We had had a good cooperative relationship with Costa Rica based on containment of the Sandinistas. That changed somewhat when Oscar Arias came to power; he became more engaged in the Nicaraguan question; he looked for a diplomatic settlement. One of his motivations was the Costa Rican concern for the Nicaraguan refugees pouring across the border. Costa Rica had a high standard of living for a Central American country. Its social indices were well above those of the other countries in the region. The refugees were placing an increasing strain on the social and even political fabric of the country. So Costa Rica had a very strong interest in finding a settlement acceptable to all sides in Nicaragua. Arias was also looking for a democratic outcome, but felt considerable pressure to reach a settlement--almost any settlement. This drive lasted throughout his administration.

I don't think our personnel selections for Costa Rica were the best choices. Curt Winsor and Lew Tambs, both non-career ambassadors, were very, very conservative. Oscar Arias was a liberal in the classical sense. Tambs did not have the warmest of relationships with Arias. Tambs was aggressive in his ideology; he had been our Ambassador in Colombia where he had made a

reputation as a vocal opponent of the drug traffic. His strong position on drugs may have led people to overlook some of his deficiencies--e.g. lack of subtlety. I went to Costa Rica as Charge after Tambs abruptly resigned during the Iran-Contra hearings, and had considerable contact with Arias. I found him to be a very sophisticated, urbane individual with views about politics and other matters which were quite subtle. I don't think the nuances had been captured by our Embassy; they certainly were not fully conveyed to Washington.

When I talk about people, I do so with some reluctance. I recognize that it is relatively easy to pass judgments now after time has passed and we have knowledge that we may not have had at the time. Judgments that are clear now were much murkier at the time. So some of the proposals and perspectives popular at the time do not seem nearly as reasonable now. So some of Tambs suggestions may have looked much better then than they do now. We were working under pressures which placed El Salvador and Nicaragua at the head of the Central America agenda; issues with other countries were almost secondary. So, to a significant extent, our policy toward Costa Rica--and to an extent toward Panama--was dictated by events and outcomes we were seeking in other countries. Our Ambassador in El Salvador was quite clear that his country should have top priority; solutions should first be sought in El Salvador, he argued, and then the puzzle in Nicaragua would almost automatically sort itself out. Others said that this was self-serving; the Sandinistas appeared to have a greater staying power than the rebels in El Salvador. This was a subject for lively debate.

We knew of Winsor's and Tambs' ideology, but I don't think we ever dismissed any of their recommendations because of it. That is almost impossible in Washington anyway because policy issues are seldom compartmentalized--i.e. a Costa Rican issue could not be discussed separately from the whole of Central America. So a recommendation from San Jose was most likely to touch on broader perspectives which would raise the level at which it was discussed certainly above the desk and frequently above the Office Director. There were a few issues, such as the elections, which were *sui generis*--that is limited to Costa Rica--but they were the exception. That was true of most of the "think pieces" from our ambassadors in Central America; their recommendations tended to be applicable to most if not all of the region and not just their country. I should point out that I didn't overlap with Winsor very much; he left soon after I started my job in Washington. So it was Tambs primarily with whom I dealt in Costa Rica. If he felt very strongly about an issue, he would call Elliott Abrams or one of the deputies directly; rarely would he call me or communicate directly with me. For him, I was a relatively low level player.

I should mention that during the 1984 US election a number of ambassadors had signed a letter supporting the re-election of Jesse Helms (R-NC). Lew Tambs and Curt Winsor were among the signatories. That was completely inappropriate, and Secretary Shultz said so. One had to wonder about the judgments of individuals who ignore the distinction between partisan political advocacy and the professional approach demanded of all chiefs of mission. As time went along, I noted questionable judgments by Tambs. On one occasion, he crossed the line in entering into an unauthorized agreement with anti-Sandinista leader Eden Pastora. Pastora was one of the original leaders of the Sandinista movement when they overthrew Somoza, but later had a falling out with the Sandinista leadership and went into semi-retirement as a fisherman in Costa Rica. Some efforts were made to get him to rejoin the struggle against his old comrades; Lew Tambs figured

in those efforts, but I always thought the "understanding" which he reached with Pastora, previously mentioned, crossed the line, and I so advised Abrams. The "understanding" was disavowed.

One of the considerations of dealing with recommendations from Tambs was that I was never quite sure what agenda he was pursuing. It was not, I think, always the Department's agenda. I was at times not quite certain where he was coming from or where he was heading. Was it the same direction that we had agreed on? I think it is true that if the two ends of the communication line do not have the same agenda, the same operating assumptions, then your level of confidence at both ends is bound to be affected.

Next let me talk about Nicaragua. When I became Office Director, our policy did not seem to be working. The Sandinistas seemed to be growing stronger and were certainly more negative towards us and at the same time were more aggressive and expansionist. So they appeared to be a greater threat than they had been in the past. They were clearly our major concern in Central America. They were providing aid and comfort to the guerrillas in El Salvador and any other groups in the region that had the resources and the will to rebel against the established order. The most significant of these relationships was the one they had with the Salvadoran guerrillas.

The principal advantage the Sandinistas held for other guerrilla organizations in the region was that they were an established government--they held the reins of power and effective control of a country. The rebels from other countries could come to Nicaragua without fear of being harassed or expelled. They were received sympathetically and, to limited extent, could expect some material support. So Nicaragua had become a refuge for all the insurgents of Central America--a R&R place for them.

The Sandinistas were driven by ideology. They were supporting crusades against the established order, which frequently was corrupt and military dominated. The object of the crusade was to "liberate" Central America. The Sandinistas viewed themselves as the vanguard of this crusade and as such, believed they owed support--material and psychological--to their brothers in arms in neighboring countries. They had prevailed in Nicaragua and now believed they had a revolutionary obligation to help others win power in their countries. This was the situation in the mid-1980s.

In the United States, a number of prominent Americans supported the Sandinistas. Nicaragua was not normally a tourist mecca. But many Americans were drawn there after the Sandinista take-over. It was much like the days when people went to Cuba after Castro's victory, chopping cane to show solidarity with Fidel. Many Americans went to Nicaragua to be hosted by the Sandinistas; they went to see cooperatives and other symbols of Sandinista "progress." Every week, on a Wednesday morning, these Americans would gather in front of the U.S. Embassy for a regularly scheduled demonstration of solidarity against the "imperialistic" policies of their country. So we had a very active debate in the U.S. on our Nicaraguan policy, which spilled over onto the editorial pages of our leading newspapers.

Issues generate their own constituencies; as they grow, support networks also expand. So by the mid-1980s, the Sandinista support in the United States was quite sizeable. There were active

centers in many universities--both around Washington and around the country. These centers focused on US policies and were by and large critical of the U.S. government. I personally did not view these issues through an ideological prism. Like most Americans, I tend to favor the underdog and favor democracy over dictatorship. One of the reasons I decided to make the Foreign Service my career was because I wanted to be involved in these policy issues, particularly in Latin America, where I thought our policy had been on the wrong track for many years. We had sided too often with military dictatorships and oligarchy and the economic interests of a few large firms, such as United Fruit. So I had hoped to be able to influence our policy by participating in its development.

But I must say that as time went on, I began to feel that I had been ambushed on some of these issues. When I had served in Nicaragua, I certainly was not a fan of Somoza or any military or authoritarian figure in the region. In this, I believe I was reflecting American values; if I had any biases, it was against those regimes that the U.S. left also tended to oppose. But I found that the dialogue on Central America became quickly personalized. I would talk to people, but I seldom felt that my views were heard at all; their response was almost automatically that, as a member of the government, I could not possibly be anything but the "enemy" whose views were not worthy of consideration or even hearing. That had not been my experience before, although my experience at Wisconsin was a foretaste. Before the mid-1980s, regardless of audience, I think I got a fair hearing wherever I was appearing, both in the U.S. and overseas--with one exception that took place in London when I was talking to some students about El Salvador and US defense policy. There I pretty much heard what was to be the standard position; namely that I was the representative of an odious government and therefore not worth hearing. I was shouted down. It was a throwback to the University of Wisconsin in 1970-71.

So I had some experience with intolerance and found it disturbing. It left a very bad taste in my mouth when people, in the name of democracy, did not allow views contrary to their own to be expressed in open forums. There was far too much of this. Both sides of the issue took some very peremptory stances; issues were personalized and people demonized, which was unhealthy and fueled paranoia on both sides.

Let me talk about El Salvador now. Napoleon Duarte had been elected President; he generated hope because he was clearly a democrat with impeccable credentials. He was a strong leader coming out of the Christian Democratic movement in which he had participated for many years. He had been abused and tortured by the Salvadoran military who had denied him elective office on several occasions. There was great hope that Duarte would bring greater democratic freedom to El Salvador; he was a fresh breeze, unfettered by ties to past excesses. Many hoped that Duarte could bring peace to his country. There was some optimism, even though the situation on the ground did not look promising.

The Salvadoran military, as in most of the Central American countries, did not have a very good reputation--deservingly so. They had been associated with abuses--both human rights violations and corruption. An escalating armed confrontation with Marxist guerrillas, which inevitably put greater power in the hands of the military, was not only distasteful, but worked against the introduction of democratic reforms.

The situation in El Salvador in 1985 then was not good. There had been predictions in years past that El Salvador had turned the corner; in fact it was still looking for that corner. Still, Duarte provided hope that a settlement could be reached. Later there were discussions about how we should set our own priorities--should we concentrate on helping Duarte reach an acceptable solution in El Salvador or should we concentrate on Nicaragua? Given the small size of Central American countries, one would think that the U.S. government would be able to pursue policies appropriate to each country. But that was hard to do.

The Salvadoran guerrilla view was to "stay the course" because the U.S. had no staying power--a view derived from their assessment of our Vietnam experience--and would eventually lose interest in the region particularly if some American blood was shed. In 1985, the guerrillas murdered several Embassy Marine guards at a restaurant in San Salvador to bring the costs of war more directly to the attention of the American people. It was a calculated act. From time to time, other Americans were targeted for the same reason. They hoped that the first Reagan administration would be defeated and that the next one would be more sympathetic to their views.

There were mixed views about the origins of the guerrilla movement. Some thought they were creatures of the Soviets, some of the Cubans, some of the Sandinistas. I don't think it was a simple matter to determine paternity. The Sandinistas clearly had connections to the Cubans, certainly through Tomas Borge--the Minister of the Interior in charge of the police--and to a lesser extent through the Ortega brothers who had been given sanctuary in Cuba during an earlier period. The Sandinistas clearly received support from the Cubans--Soviet arms and other subsidies. But to characterize them as creatures of the Soviets or the Cubans would have missed the point. The Nicaraguans had a strong Marxist home grown faction; the Sandinistas had a history and an ideology--Marxist--which guided their actions; their blueprint for consolidation of power was a combination of their own experience, ideas that they had picked up in Cuba, and classical Marxist theory. To dismiss them as mere puppets of Cuba or the Soviets with no domestic base would have been a misreading of reality. Not many, I think, really believed otherwise although in a debate they might charge that the Sandinistas were tools of foreign powers--to underscore the view that a Central American foothold by the Soviets and Cuba could be a real threat to the US.

Throughout Central America the standard of living was--and is--very low. There are significant inequalities in living standards, land tenure or any other economic index; Central America ranks near the bottom in Latin America. The grievances of the population are numerous and legitimate; that was what gave popular support to the guerrilla movements--not to mention wide support in the United States. Many Americans resented their government being allied with repressive regimes which did nothing to try to raise the standard of living of their people; on the contrary, these regimes used abusive policies to try to suppress any manifestation of discontent. Our relationships with these authoritarian regimes suggested complicity with these odious policies; that raised further opposition in the U.S. to our policies in Latin America by groups consisting of, in large part, altruistic, idealistic people--many of them from religious organizations and many with considerable knowledge of the region. They could not be easily dismissed as ideologues and dupes of the communists; they were solid citizens who felt deeply about the political, economic and social conditions in Latin America. My quarrel with those people at the time was that they did not give us and others the benefit of the doubt and would refuse to believe that there were

people in their government who shared many of their concerns and who were also trying to do something about the appalling conditions in the region. The most vocal critics refused to believe that there were any other remedies than their own; they would not listen to any suggestions of other approaches.

The most effective religious organizations were associated with the Catholic Church-related. Although the population of Central America is heavily Catholic, religious orders have long been in decline throughout the region. That vacuum is filled by priests and nuns sent from the U.S. and Europe; so there were many active Catholic orders in Central America. In the 1980s, a number of them were actively engaged in providing camps in the region--the way to change the economic conditions, they came to believe, is through political action. So many priests and nuns became involved with some of the political movements in Central America--as a way to improve the economic and social conditions of the people they served. That support continues even when some of the groups being supported took to arms to change the political structure. The attitude of the priests and nuns was frequently supported by their colleagues in the religious orders in the United States who then became a factor in the political debate in the United States.

In the case of El Salvador, there were organized efforts to bring Salvadorans to the US--to provide refuge from persecution and violence. There were legitimate pressures put on the U.S. political system to legitimize this inflow of refugees by changing the presumption of the law that to be a legitimate refugee, the applicant had to prove persecution. The law was changed for the Salvadorans and later the Nicaraguans; it allowed temporary refugee status for people from those countries which allowed them to be employed in the U.S. while the conditions from which they had fled persisted. But before the law was changed, some American religious groups were harboring illegal refugees--as a protest against the laws and policies of their country. We were only indirectly involved in this area since immigration issues were the responsibility of INS, within guidelines established by Congress. Because of the underlying policy issues, however, we would be demonized along with our colleagues in the INS and other agencies. Elliott Abrams became a man with fangs and horns, and we were depicted as his mindless clones.

Now let me turn to Honduras. Of all of the Central American countries, Honduras would be in the second tier. It was traditionally the poorest country in the region. There had been an effort in the late 1950s and early 1960s in Central America to break away from dependence on a single agricultural product--sugar cane, bananas, coffee, pineapples, timber. Honduras never made the break. There were efforts, but they were modest indeed. El Salvador was the most successful in this effort. It was the smallest country, but it had attracted enough investment in industry to have built a respectable base. A simultaneous effort to achieve economic integration in Central America essentially benefitted established industries--those that were already dominant in one or more countries of the region. So countries like Honduras, with no industries, fell farther behind. El Salvador did achieve significant benefits from economic integration as did Guatemala. Benefits elsewhere were modest.

Honduras was left largely behind. There was a separation between inland Tegucigalpa and San Pedro Sula, on the coast. San Pedro Sula was doing much better. Honduras was traditionally controlled by conservative military leaders, regardless of the form of government. Honduras had not been friendly towards either El Salvador or Nicaragua--wary of the latter and in frequent

conflict with the former. Much of the tension resulted from population spill over from fast growing, but tiny El Salvador. The famous "soccer war" between the two countries reflected these tensions. Animosity between Honduras and El Salvador had existed for many years. We had tried in the 1970s to balance our military assistance between the two countries--at low level. By the mid-1980s, the situation had changed; El Salvador and Nicaragua had risen to the top of our agenda; Honduras had become a partner in our policy; El Salvador was a zone of conflict between the Duarte government and the Marxist insurgents, the FMLN.

Honduras had gone through a political transformation; it had held democratic elections which resulted in a civilian President. But democratic institutions were non-existent or very weak, so that the military remained in *de facto* control. Our policy to build democratic institutions in the region first had to deal with ongoing conflict both in Nicaragua and El Salvador; Honduras took lower priority once again.

The Salvadoran guerrillas established training and rest and recuperation facilities in UN-run refugee camps just over the Honduran border, which the Honduran military viewed as a threat to the security of their country. On their other border, the Salvadorans saw the major build up by the Sandinista armed forces. So they obviously supported all our efforts to reduce the power of the Sandinistas and the Salvadoran guerrillas. When the Nicaraguan Resistance or Contras were formed, the Honduran military were quite sympathetic because they viewed this force as a buffer between themselves and the Sandinistas. So the Hondurans cooperated in our efforts to support the Contras.

Guatemala was a terrible story. It had long endured low-level indigenous guerrilla warfare. The population was heavily Indian--the most in the region. The guerrilla movement had started with the Indians. The regime's response was ruthless and much bloodshed ensued. The country had always suffered from violence--individuals were personally armed. That was true in much of Central America; they were violent societies and the shedding of blood seemed to come much too easily. The guerrilla warfare in Guatemala was low level, but persistent. It had not captured much attention, except from some US groups--which highlighted the human rights abuses taking place in the region. These groups quite properly were applying pressure to reduce the level of the abuses and the violence.

Many of these groups blamed the abuses and violence on US policy. That was a problem; most of those involved in the policy, on all sides, would agree that the abuses were taking place, but differences would appear when it came to assessing blame. The critics maintained that US policy was at the root of the problems; some even suggested that the U.S. itself was guilty of some of the abuses. The policy makers focused on how the abuses could be mitigated while keeping the focus on other policy issues, including economic development and democratization. So efforts at dialogue between policy-makers and critics quickly broke down with each side accusing the other of bad faith.

In one case I recall, one of the critics was calling attention to some human rights abuses in Guatemala and holding US policies responsible. One of my staff said, "That is factually wrong. We should answer that allegation." It was not the specific case that was at the issue; it was overall U.S. policy that was being challenged. In retrospect, by publicly responding to specific

allegations, we may have actually heightened the level of the polemics. That might have been inevitable, but I look back with some regret on that episode, which appeared to pit us against the human rights advocates. People who were calling attention to the abuses were correct to do so, as were we in defending US policy. It was unfortunate that the two sides could never have a meeting of minds. If we could have, we might have made more progress quicker.

In Guatemala the leadership was suspect. The level of violence and the power of the military tended to drive the democrats out or underground. The U.S. government is not monolithic in its views on military regimes or the political role of the military. Some elements of the government are more comfortable than others on working with the military in power. Our policy over the years has encouraged the establishment of strong relationships between the U.S. armed forces and foreign military services; these relationships are often very helpful, but sometimes can also be negative. You can never be quite sure that all elements of the U.S. government are communicating the same message; the informal contacts between people--US and their foreign counterparts--at times may convey different signals that can confuse and, in some cases, actually undermine US policy. Our military-to-military relationships may not have always helped in Central America.

Belize is an appendage to Central America. While conflict raged in the rest of the region in the mid-1980s, the central issue in Belize was its dispute with neighboring governments. So in addition to the other problems we had to deal with, we had to face this possibility of armed conflict between the two countries. There was a residual--small--British military presence in Belize to stabilize the situation. This was most helpful. We were looking for a negotiated settlement. Eventually, with good sense all around, it came.

What I have done to this point is to describe essentially the situation which I encountered when I reported for duty in 1985. Let me talk a little more about what happened in the 1985-88 period.

As I have said, one of our principal goals in the region was to foster democratic development. Progress was hindered by endemic human rights abuses and violence. Add to that mix the guerrilla movements which perpetuated the violence. Our challenge was to find means to change this situation over the long run. The policy makers viewed the Salvadoran guerrillas and the Sandinistas as essentially anti-democratic. They were authoritarian and based on a Marxist philosophy which certainly was not democratic. In addition, these insurgents were guilty of extensive human rights abuses. They were certainly not the democratic answer for the region. So our priority was to find democratic alternatives to these guerrilla movements.

In Nicaragua, pursuit of our objectives led to the development of an armed resistance movement which operated from bases on the Nicaragua/Honduras border and in the south of Nicaragua as well. We gave this group--which became known as Contras--heavy support. Contrary to how they were characterized by their detractors, the Contras were essentially a peasant resistance movement; most came from very humble origins--most from the rural areas of Nicaragua. They did not like the Sandinistas and their authoritarian ways. Ironically, both the Contras and many of the original Sandinista supporters might have agreed on a broad reform program, including land reform and other societal changes. But the ideological schism which separated the two groups was so large that dialogue was impossible--even among family members some of whom



may have backed the Sandinistas and some of whom may have backed the Resistance. I have no question that the Contras were fully committed to their cause; they could not have organized otherwise. There has not been sufficient analysis of this grass-roots army; I think it would be a very interesting story.

Ollie North was a relatively junior member of the NSC staff in 1985. He was not even a member of the NSC office which handled Latin America; he was part of the politico-military staff focusing on terrorism and national security issues. Gradual, however, he became more and more involved in Central America. He was a strong personality who seemed to have very little supervision in the White House. In retrospect, it is interesting to note that North was really a low level staffer--he was a Lieutenant Colonel in the Marine Corps. Lieutenant Colonels do not make policy. But Ollie North did not fit the norm. I first met North at an anti-terrorism conference in Panama when I was DCM in Uruguay. I was surprised by the deference shown him by people much senior to him. When he stood up to make comments, general officers and senior Washington officials who knew who he was paid attention. So did I.

I had no further contact with North until I had been in my Office Director's job for some time. There were occasional inquiries about specific issues, but little more. Only later did he emerge as the key NSC staffer on Central America, pushing aside the State Department officer on the NSC staff who formally carries that responsibility. He became the NSC representative on a restricted inter-agency group which reviewed most of the major Central American issues, particularly as they related to Nicaragua.

I had more exposure to him later. Our laws changed; initially Congress had authorized US government support for the Nicaraguan resistance; then it cut off support and then changed again to allow limited support--humanitarian assistance. A separate organization within the Department was established to provide that assistance. Ambassador Robert Duemling was brought in to head up this new office. He was a very good choice; he was scrupulously honest and made sure that his mandate was scrupulously observed. I know much more now about this than I did at the time the effort was organized. For example, I now know, from Oliver North's testimony, that a parallel organization had been established in which he was involved. There was a question of how humanitarian assistance would be delivered to the resistance. It had to be done by air, which limited the numbers of people who were willing to undertake this effort. There aren't many independent contractors who are willing to drop supplies into hostile territory. And there aren't many companies or individuals anxious to expose their aircraft to enemy fire.

Therefore among Duemling's first task was the hiring of contractors to undertake the supply operation. Ollie North knew some people; it was not clear at the time--as it is today--that these people had been involved in the off-the-books army supply operation to the Contras. To Duemling's credit, he was very scrupulous in ensuring that the letter of the law was followed. He did not knowingly allow any of the aircraft he contracted to be used for simultaneous arms deliveries. He only allowed his contractors to deliver humanitarian assistance on flights his offices paid for as authorized by law. He was under pressure from a number of quarters to deliver more than humanitarian assistance; resistance wanted more than just food and medicines. Duemling made sure that all of his activities met the letter of the law; that was much to his credit.

As I said, the assistance to the resistance was run by a separate office in the Department. A lot of the work of this office had to do with logistics and contracting. We did not have any day-to-day association with that office. In our Office Directorate, as is usual in the Department, we had desk officers for each of the Central American countries; they handled the day-to-day matters. Although we were involved in larger policy issues, by and large fundamental policies were decided above our level. The desk officers, who were most knowledgeable about their countries, might suggest different approaches than the prevailing wisdom; a debate would follow--that happened frequently and to good effect. But the larger issues were dealt with in the restricted interagency group in which we were not normally represented.

I don't think we had any major disagreement with the policies developed in the interagency group. The transgressions that did take place did so outside our purview; we did not find out about them until some time later. Much of what came out of the North's hearings was news to us. There were aspects of the Central American operations that were not under State Department control. For example, when the Contra supply plane was shot down over Nicaragua--which occurred toward the end of my tour--the first question to us was "Who is he?" He turned out to be an American citizen who had been captured by the Sandinistas. We later found out that he was a member of a support network that was not related to the humanitarian assistance effort in the slightest. The issue then became what would happen to this American citizen. As far as we knew, he was not on the government's payroll. There was a common sense issue. I had learned that when an American citizen is in real peril, one of our most common failings was not how the case was ultimately decided, but rather how we managed the process, e.g. what contacts and information do we provide the family. The hostage taking in Iran, for example, had demonstrated the importance of being supportive and forthcoming to families of the victims.

So in this case, I wanted to make sure that that past shortcoming would not be repeated. We were in touch as soon as we could with the family of the American airman and tried to provide all the information we had available. The Sandinistas wanted the family to come to Nicaragua so they could make some political points through a show trial. Mrs. Hassenfus wanted to get her husband out of Nicaragua. She engaged a lawyer. Even though the lawyer served on a pro bono basis, the cost to the Hassenfus family quickly mounted. Our desk officer had been acting as an intermediary with Mrs. Hassenfus. He reported that Mrs. Hassenfus was increasingly anxious about the costs and her own support while her husband was being detained. He asked for guidance. I told the desk officer just to take no further action and went to see Elliott Abrams. I told Abrams that I didn't think it was proper for the desk officer to be involved in the issue of resources; this was not something the U.S. government should be funding. He agreed. So we didn't get involved in the Hassenfus case beyond what we might do in a consular sense.

It is clear now--it wasn't then--that Mrs. Hassenfus believed her husband was a US government employee. We did not. So we were starting from two entirely different premises. Mrs. Hassenfus wanted US government officials drawn into the case, and believed that it was a US government problem because the principal was an employee. We on the other hand viewed the case as a protection and welfare matter which did not require any further involvement than a normal case of this kind would require. We wanted to be helpful in assisting a US citizen and to limit public diplomacy losses but that would be the limit of our involvement; we stopped the desk officer from participating any further in this matter.

CIA's role in managing assistance to the Contras was circumscribed by law. The legislation changed several times in the mid-1980s. For example, the bill authorizing humanitarian assistance to the Nicaragua resistance movement specifically gave that responsibility to the Department, which was almost unique in some respects. Activities of this kind would in the past have been the exclusive preserve of the Agency, but by this time the Congressional debate focused on whether the management of this program belonged in the Agency. The support to the resistance was duly authorized by Congress, but it was subject to an unusual amount of public debate and scrutiny. It was unique that the Department and some of its personnel were involved in an activity that before would have been the exclusive province of another government agency.

I think there is always a concern that in situations such as in Nicaragua--and much of Central America--the fine hand of the Central Intelligence Agency might be involved. There is a division of responsibilities in the U.S. government which is quite proper. Problems arise, however, when the Department does not have access to all information it needs concerning a specific issue, particularly when other agencies are involved. Reliance on agencies which are not open to public scrutiny and failure to include in the decision-making process all those with a legitimate interest in the outcome can produce very poor results. I think a more open process would have been better, but this is said with the advantage of hindsight.

Nicaragua under the Sandinistas was a very interesting problem in diplomatic relations. We conducted normal relations with the Sandinista government while giving assistance to people who were intent on overthrowing that government. We had a modest Embassy in Managua, headed first by Tony Quainton and then Harry Bergold. It must have been an interesting experience for the Sandinistas as well, dealing with representatives of a government bent on replacing them. On the ground, the Ambassador's access to the government and those associated with it was completely controlled by the Sandinistas. The American Ambassador has always had high profile in Managua; he travels in a large chauffeur driven limousine; at that time he was protected by the Sandinistas, with a government provided personal police riding in the front seat of the car. So that his every movement was well known; every contact was recorded. Those constraints certainly limited the Ambassador's access both to the government as well as to the opposition. Within the government, the Sandinista leadership would decide who would see the American Ambassador and how frequently. So if the Ambassador wanted access to one of the Ortegas; Interior Minister Tomas Borge; or Miguel Descoto, the Foreign Minister, or anyone else, the Sandinistas would decide who and when--or if at all. So our ability to conduct business in Managua was highly circumscribed, although an Ambassador's style was obviously an important factor in our ability to conduct business with the Sandinistas.

Our Ambassadors developed some access. I don't like to characterize the points of view of my predecessors, but I think I had more exposure to Bergold's approach. Quainton was in place when I began my job in Washington, but was not there long thereafter. Bergold was certainly not a Sandinista supporter, but he reached the conclusion that the Sandinistas would probably be in power for an extended period. That analysis suggested a re-examination of some of our policies and activities; his view challenged some of the assumptions on which our policy was based, principal among them that the Sandinistas should not be considered a permanent fixture. Harry felt that we would be more effective if we would accept the reality that the Sandinistas would be

governing Nicaragua for many years and therefore deal with them as we might with an Eastern European communist state, whose policies and attitudes we also did not like--governments which Bergold knew well. So he questioned some of our anti-Sandinista activities. While intellectually I could appreciate this point of view, I was loath the support and approach which might actually contribute to the Sandinistas ability to remain in power.

On the other hand, the Nicaraguan representatives in Washington had wide contacts with a variety of support groups in the area. They had extensive contacts on the Hill, both with members of Congress and staffers, to whom they made their case in effective ways. They had less contacts with the Department; we would see them from time to time, but not on a regular basis. They had a small staff in Washington, as we did in Managua. We would periodically call in senior Nicaraguan diplomats to chastise them about excesses on Nicaragua or to notify them of restrictions on their mission, usually in retaliation for action against ours. Those contacts were proper and formal. I suspect that the Nicaraguans had calculated that they would not get much out of the Department or the administration in general and that they needed to make their pitch to a more sympathetic audience provided by non-government organizations and certain Congressional officials. They used public diplomacy in a very effective way, taking full advantage of our open society. The Nicaraguan Foreign Ministry spokesman, Alejandro Benaria, was their most effective public figure; he had attended the University of California at Berkeley. Many Sandinistas had attended American universities and colleges and spoke perfect English; they made very good spokesmen for their cause on US TV talk shows on which they appeared regularly. On those TV shows, including the network evening news, the U.S. position was usually presented by a non-administration person who may not have been familiar with the most current information; Elliott Abrams was the only official who would appear regularly. While Abrams was more than a match for the Sandinista representative, the U.S. government's position was not always so well represented and the Nicaraguans often made the better case. When Abrams appeared, it was a different story; he knew his brief well and was an aggressive and pugnacious protagonist--which may be one of the reasons that he had so many problems later.

The polarization that took place in the U.S. over Central American policy was evident among Congressional staffs. There was a lot of more heat than light generated by public discussion. People had made up their minds before the debate began. They took ideological stands, minimizing any possibility of an intelligent discussion. One either agreed with a staffer or you didn't; no conversation was necessary. Our Office staff was on the Hill frequently; we passed out a lot of information. But since we supported US policy, we were viewed by the opponents of that policy with great suspicion. Further aggravating the situation was the fact that the administration was Republican while Congress was in the hands of the Democrats. So we were subject to criticism from the majority in Congress. Since the Democrats had controlled Congress for many years, the committee staffs were also led by the Democrats; the minority staffers were fewer in number and generally not as experienced since by and large they had not served as long as the majority staff. So the staff which handled Central American matters tended to be quite critical of the administration.

There seemed to be more give-and-take on policy within our own bureaus. There was a debate at the time about our policy vis-a-vis El Salvador. The view from Embassy San Salvador, not surprisingly was that the U.S. should be giving priority to that country. If the support for the

Salvadoran guerrillas could be cut, the Embassy argued, then a satisfactory solution to that country's political problems could be achieved. So the suggestion was that we begin to move in that direction, including reaching some accommodation with the Sandinistas if that would end their support of the Salvadoran insurgents. The other view was that, until the Nicaraguan issue was resolved, no lasting settlement was likely in El Salvador. So the problems in both countries had to be tackled simultaneously. The latter view was the predominant view.

My impression then and now was that President Reagan was primarily interested in the big picture, he was not that interested in details of policy implementation. These were left to others; they managed the policy implementation process. But the approval of the broad outlines of a policy and its public articulation was a presidential responsibility; I think he was very effective in that role. The President was also involved in discussions with foreign leaders who came to Washington, like President Duarte. Day-to-day implementation decisions were left to the policy managers.

When I left the Office Director job, the Nicaraguan and Salvadoran issues were moving in a new direction. A substantial fatigue factor had set in for all parties. In the U.S. revelations of wrong doing and excesses had come to light. There were new efforts to find solutions to the issues raised by the Sandinistas and the Salvadorans. Speaker Jim Wright's involvement is well documented. President Arias of Costa Rica had become very involved in trying to find a way out of the quagmire. A new Assistant Secretary, Bernie Aronson, had been appointed. He had been involved, as a private citizen, in efforts to support the Nicaraguan resistance; he now focused his and the bureau's efforts on finding a political solution to end the fighting in Central America. Gradually, the "problem solvers" took over; to the great credit of all who were involved, they found a formula to end the fighting, the Nicaraguans, a democratic election eventually led to an end to the bloodshed.

The key to finding solutions to Central American issues was to get beyond the partisan sniping both here and in the region to find acceptable accommodations unrelated to politics. We wanted a peace process which would expand democratic institutions in the region. The settlement eventually reached provided only the possibility of a way out of the problem on El Salvador and Nicaragua. The lion's share of the credit should go to the people of both countries, who, given the opportunity, caused democracy.

I should mention two additional interesting matters. Toward the end of my tour in the Office of Central American Affairs there were ambassadorial vacancies in Honduras and Costa Rica. The first vacancy occurred when Ambassador John Ferch was relieved of his duties in Honduras by Secretary George Shultz--in the midst of negotiations and active US diplomacy. Ferch got at cross purposes with Shultz and Abrams and was called home. The difference between Ferch and Washington was largely one of perceptions. This was a delicate period in our relationships with Honduran authorities in large part because the Nicaraguan resistance was operating from the Honduras/Nicaragua border area. That required some understanding from the Honduran authorities, including the Honduran military which played a major role in the politics of the country. The bilateral relationship had its ups and downs partially because the military were hard to deal with; they extracted a price for their cooperation. Shultz and Abrams felt that we could only get the cooperation we needed through aggressive diplomatic representations; they believed

that Ferch did not meet their requirements. So Secretary Shultz decided to relieve him of his mission.

Shortly after that, I was asked to go to Managua to act as Chargé while decisions were pending about Embassy leadership. So I went for about a month until Bob Pasterino, the new DCM arrived to assume charge. My job in Honduras was essentially to hold the fort until the necessary personnel decisions had been reached. It was nevertheless a very busy month: there were many things going on. We had some disruptions in our operations; the USAID building had previously been sacked by an unruly mob. Though the relationship at the formal level was very friendly, there were many undercurrents which made the relationship somewhat precarious. My job was to keep things together. We had the normal mission operations and a major peace initiative underway. While I was there, a Honduran married to an American contract employee was murdered. The American was attached to a military facility far from Tegucigalpa. The episode raised questions about the authority of the chief of mission because the American employee involved worked for a military contractor; he was not a direct hire employee. The contractor urged that the employee be spirited out of the country, thereby removing him from Honduran jurisdiction. When I was so informed, I called the contract director to my office and told him that he and his employees came under chief of mission authority and that meant that his employee would not leave Honduras until host government authorities authorized his departure. The contractor appealed my decision through military communication channels, but DoD supported me and the employee stayed. He was processed through the Honduran justice system which in time found him "not responsible." So every day, it seemed, something new would pop up in addition to the daily decisions that had to be made on mission operations.

There were continuing programs of assistance to the Nicaraguan resistance. At a minimum, as Chargé, I had to be kept informed about this activity to make sure that Washington was fully aware of what was going on in Honduras. There was a lot of activity; this was not your traditional diplomatic program. There had been a long tradition in this area of activities by other agencies; the chief of mission was not as completely informed as he or she should have been. It was very hard for a newcomer, particularly a short timer, to establish an appropriate process to ensure full disclosure; so I did have a feeling of being on a treadmill. Much more needed to be done to bring all U.S. government activities under the purview of the chief of mission. The other agencies were very active with their own programs and were not entirely under the control of the chief of mission.

I found the Honduran civilian authorities to be quite good--particularly the President and Foreign Minister, Foreign Minister Lopez was a distinguished lawyer and a very impressive individual. But the military leadership was another story. They did not inspire a great deal of confidence, but since they were in their positions we had to deal with them. But it was difficult; the military high command had its own agenda which was not always supportive of democratic institutions. Furthermore, they did not exude honesty.

*Q: In 1988, you went to Costa Rica. To do what?*

MELTON That was also a temporary assignment. Ambassador Lew Tambs resigned unexpectedly. By that time, he was very much involved in the Iran/Contra hearings. It was clear

that he would have a lot to say and that there would be many questions asked about his knowledge of events in Costa Rica. He chose to resign--without notice--creating an immediate vacancy. So I was asked to go to San Jose to run the Embassy until a permanent Chargé could be selected and sent. This was in late 1987--while the hearings on the Hill were in full swing.

Tambs was very, very conservative. He had come from the Thunderbird University in Arizona. He had been very vocal in support of conservative causes even while serving as Ambassador--e.g. support for Jesse Helms during the Senator's re-election campaign--that led, as I previously mentioned, to a rebuke from the Secretary. He was outspoken and independent minded--that was not always a plus because in some cases he went beyond the limits of US policy.

Tambs was difficult to work with because he didn't always make an effort to coordinate his activities with us in Washington. There were times when after the fact we were informed of matters about which we should have been advised. In one case, he held conversations with members of the Nicaraguan resistance, including Eden Pastora, during which any objective observer would agree that he implied commitments of US government support to Pastora--which he was not authorized to provide. After Tambs reported his meeting to Washington, he was told that he had gone beyond his brief; his response was that we had misconstrued his comments. We made sure that the record was corrected since Tambs' commitments were against policy and existing law. A written reprimand from the Assistant Secretary followed.

Central America is a mixture of differing countries and people. A non-career person, interested in the region, was frequently attracted to Costa Rica, in part because it was the most advanced of the countries in the region--economically as well as politically. In contrast to most Central American countries, it has a hospitable climate and is generally a very pleasant country. If one is looking for an attractive place to be an Ambassador Costa Rica was it. That perhaps is why we have a series of non-career ambassadors there--Curt Winsor and Lew Tambs continued this tradition. Of course, Costa Rica was not entirely unique in this regard. There have been a number of Central American countries which had controversial non-career American ambassadors.

I was in Costa Rica as Chargé for about three months--longer than I had anticipated. I really got into the operations of the mission. We had a large USAID program; there was some concern that aspects of the program did not conform with USAID and US government regulations. There were also concerns about the sale of vehicles by US government employees which did not meet the requirements established by the Department. Additionally, we had some questions about the management of assistance to the Nicaraguan resistance. I got into all of these questions. There were some elements of that resistance operating from Costa Rican territory; Tambs had been deeply involved--the so-called "Opening of the Southern Front," much to the dismay of the Costa Rican authorities. We had to deal with Oscar Arias, the President of Costa Rica, who was becoming increasingly active in the search for an overall settlement in Central America--Arias was playing the "honest broker" role and challenging aspects of US policy. While in San Jose, I met with Arias on a regular basis.

We had a number of Congressional and other visitors--many of whom wanted to talk to Arias. So the three months were very active. The Soviets had a very active Ambassador in San Jose and I got to know him well; that was interesting because this was a period of transition in Moscow--

*glasnost*--and no one knew how it would turn out. I had, while in Washington, participated in annual discussions with the Soviets on Latin America, which we had initiated. These were held first in Washington and then London, but the first meeting was quite unsuccessful--the two sides talked past each other. The next one in London, at the Soviet Embassy, was much more promising. The Soviet lead representative was a Gorbachev supporter and spoke with great apparent authority and sincerity. The Soviet Ambassador in Costa Rica also belonged to the Gorbachev group; he was very effective and had a good relationship with Arias. I took advantage of being in San Jose to establish a cordial professional relationship with him, which I found interesting and my colleagues in the diplomatic corps found surprising.

By this time, Ollie North was no longer a factor; he was busy defending himself on the Hill. The Iran-Contra hearings were somewhat disruptive to the workings of the bureaucracy because as policy makers were increasingly involved; gradually, the hearings rose to the top of their agendas requiring considerable work on the part of the staff collecting documents and other background material. The hearings were of considerable concern to officials of other governments because statements were being made--often contradictory--about activities in their countries, some of which they were previously unaware of. There were characterizations of foreign leaders and description of relationships which were unflattering and at times inconsistent. So those hearings did roil the waters; there were embarrassments--to put it mildly.

*Q: After these two temporary assignments, what came next for you?*

MELTON: Soon after returning from Costa Rica, the ambassadorship in Nicaragua was coming open with the scheduled departure of Ambassador Bergold. I was asked whether I would be interested, and I said that indeed I would be. Once my nomination had been sent forward, I left my duties as Office Director and focused on preparation for my hearings. As is becoming increasingly the norm, my nomination was held hostage by the Foreign Relations Committee--and Senator Helms--who wanted certain papers relating to Nicaraguan policy to be handed over by the administration. Those papers had no relationship to me, but the issue became a contest of will between the ranking minority member of the Committee and the administration, which was not willing to release some of the papers. This standoff held up my confirmation for about six months, and I didn't get to Managua until May 1988.

**LEWIS LUCKE**  
**Project Development Officer, USAID**  
**San José (1986-1991)**

*Ambassador Lewis Lucke was born in Winston-Salem, North Carolina in 1951. He graduated from the University of North Carolina – Chapel Hill and has an MBA from Thunderbird. He joined USAID as a Development Intern in 1978. His overseas assignments include Bamako Mali; Dakar, Senegal; San Jose, Costa Rica; Tunisia; and La Paz, Bolivia. He was mission director in Amman, Jordan and Port-au-Prince, Haiti. He lead the initial USAID team in Iraq Reconstruction*



*(2002) and was Ambassador to Swaziland (2004-2006). Ambassador Lucke was interviewed by Mark Tauber in 2016.*

LUCKE: Anyway, so I happened to be back in Washington and was walking the halls of the State Department and ran into a colleague from the Latin America Bureau and she said, "Well what are you up to now?" I said, "Really, I have another year to go in Dakar even though we have pretty much reached the culmination of the program." She said, "We actually need somebody like you to go to Costa Rica. We have an unexpected vacancy. We have a project development slot. It is the number two guy in the office. It is a very dynamic program. It has got a lot of money." And then she added, "Why don't you consider that?" I replied "Well I don't speak Spanish." She said, "We can take care of that. You can go to FSI." So, one thing led to another and I ended up getting assigned to Costa Rica of all places, which is the last thing in the world I thought was going to happen. But we ended up moving back to Virginia and I took Spanish at the FSI. I had never gone to FSI before but I had such a good foundation in French, I got a 3-3 in nine weeks.

*Q: Wow, that is great.*

LUCKE: I got my 3-3 in nine weeks and once again, when I got there, it proved to me that I really couldn't speak Spanish even though I thought I did. But I learned. Anyway so we arrived.

*Q: Let me ask you one question about the education in Spanish you got there. Was it the typical diplomatic education where they instruct you in how to read newspapers and how to talk to diplomats and government officials or did they actually try to give you a more development oriented vocabulary?*

LUCKE: No, it was definitely not the latter. It was this is your past tense and you learn your verbs and whatever. And practice--it was pretty basic stuff. It wasn't the greatest. My teachers were from Peru and Argentina. The Spanish they speak in Costa Rica was really strange. They would "tu" the President you and "vosotros" the dog. It wasn't too similar to the FSI Spanish I thought I had learned. A friend later told me the language in Costa Rica was a vestige of Costa Rica's isolation during the colonial era. I learned as we went, my proficiency improved little by little, but I missed the easy fluency of French.

*Q: Great. So you pick up your Spanish and when do you arrive in Costa Rica?*

LUCKE: It must have been in the early part of 1986.

*Q: Just as a side bar, I arrived in Costa Rica for one of my first tours not very long after you in September of '86. At that time, obviously, I was at the embassy and USAID was in a separate building.*

LUCKE: Right. We were actually together to start with downtown in the Embassy. But then we built the new Embassy and the new USAID building separately in the Rohrmoser part of San Jose.

*Q: OK, so actually when you first arrive you are in the old downtown embassy building.*

LUCKE: Yes, and we were there for more than a year.

*Q: Because the subsequent USAID building was quite large and quite nice.*

LUCKE: Yep, we built it using Costa Rica-owned local currency generated by our Balance of Payments program. No dollars went into that at all.

*Q: What is your portfolio of projects in Costa Rica?*

LUCKE: I went back to being a project development officer. Basically, we were designing new programs, taking on implementation of some ongoing programs and doing what needed to be done. Also, I was in charge of what we called our local currency program, balance of payments support program. The balance of payment program was cash to help Costa Ricans through a tough period economically where they really didn't have sufficient funds to keep themselves at equilibrium with the IMF or the World Bank with their debt. We would provide a number of dollars, hard currency in exchange for a number of needed and necessary policy reforms--fiscal and monetary policy stuff. It was exciting to see a country make the decisions for reform that they clearly needed to do and have the leadership to actually undertake them. The reforms are changes that Costa Rican leaders wanted to do anyway but for political reasons were difficult but necessary. We more or less told them that in the case of political blowback, it was OK to blame us if that would help. But they did the right thing and were really good leaders on the economic reform front. It worked the way it was supposed to: the host country led the reform and we were there to assist. It worked and the Costa Ricans get most of the credit. Many Costa Ricans to this day are grateful for our assistance and to their own leadership who made it happen. It's one of the truly untold stories of a very successful USAID program in the world.

*Q: Yeah, interesting because typically when you are looking at results of USAID you are looking at objects like schools, clinics, or water projects, but in this case the goals and results were less visible.*

LUCKE: Well, I disagree with your premise to a certain extent. We were always about trying to carry out projects or programs in the context of an overall strategy and plan coordinated with USAID/Washington and of course the State Department and Ambassador. In Africa if we were doing let's say sustainable agricultural development, ag price reform or the like, there was always an underlying strategy and purpose behind what we did. Especially in Costa Rica, what we did was assist a number of programs aimed at reforming the economy and making it more sustainable. A reorientation towards exports and attracting foreign investment was part of it. This amounted to a basic transformation of a protectionist, statist economy to an export based and more open economy. It became a great success---Costa Rica began exporting beef, cut flowers and tropical plants and so forth and began attracting investment starting with textiles, the tourism sector including eco-tourism and then electronics and IT. We were right in the middle of that including supporting the successful export and investment promotion agency there called CINDE which was a private agency and not part of the government. We were right in the middle of that economic reorientation of the economy, started, as I said, by the Costa Ricans themselves.

*Q: And this job that you took on relied more now on what you had learned at Thunderbird.*

LUCKE: I guess so. I mean it was all different types of programs but all “economic development” writ large. One of the neat things was how the balance of payments assistance, worked--and it could have been say \$60 million or \$80 million a year and that is not chickenfeed. We said OK, in exchange for this policy reform and hard currency, you need to generate an equivalent amount of local currency. While that money belongs to you, the Costa Rican government, we are going to program that money with you for other activities that provide further developmental impact for the benefit of Costa Rica. We would pay our local staff with that money and we ended up being able to build the new USAID building also. The new USAID building ultimately belonged however to Costa Rica. We also set up a number of trust funds to endow a number of local institutions such as an agricultural school, a business school and others using the local currency. After a while we ceased requiring these local currency generations but we made good use of it while it lasted.

*Q: To stay at this strategic level for a moment, did the context of Costa Rican President Oscar Arias’s peace negotiations to end the Nicaraguan civil war have any effect on what you were doing?*

LUCKE: Well, yes and no. I think you came after we had Ambassador Tambs. Ambassador Tambs was replaced by...

*Q: Ultimately by Deane Hinton.*

LUCKE: Right, Deane Hinton who was my boss too. There were parts of our program that dealt with the humanitarian side of that particular conflict. I personally didn’t have anything to do with that but it was going on all around us. I think it would be honest to say that part of the justification of our funding levels at USAID was not only the economic reform rationale but also to support Costa Rica’s stability in the face of Contra-Sandinista conflict next door. I knew what was going on nearby and we worried about it and everyone was a bit on edge because of it. There was a lot swirling around but we in USAID were less affected by it than I am sure were other parts of the Embassy..

*Q: Right. Now roughly how large was the USAID mission when you arrived?*

LUCKE: Let’s see, I would say American direct hires probably about 25, maybe less, and the USAID portfolio around, I would say, \$100 million to \$120 million a year to maybe as much as \$200 million a year towards the end.

*Q: OK, and this was where you gave your exclusive attention. There were no other programs that you were involved in.*

LUCKE: Yes, local currency management, economic policy reform negotiation. Managing the local currency was a big deal and a challenge.. Also, designing other projects.. For example, we ended up having a lot of input into a project to protect the environment by fortifying, solidifying

the national parks system, a series of programs that protected those rain forests, natural forests and buffer zones around the parks. That was a great contribution and again, led by Costa Ricans.. We also designed a northern road project near Nicaragua that had to be very careful on potential environmental impacts.

*Q: Now as you are getting involved with this and working, to what extent were you physically present at the Costa Rican ministries and agencies, or were you working from the USAID building?*

LUCKE: I was with the Costa Ricans all the time. I spent a lot of time at the Central Bank and dealt with the President of the Central Bank. I also dealt with the Vice President of the country on economic reform negotiations. He was a great guy, Jorge Manuel Dengo was his name. He just recently passed away. We dealt with Don Oscar and his successor President Calderon. I also got to know the Minister of Agriculture, Jose Maria Figueres, who was the son of a famous ex-President and would himself become President after our departure.

*Q: Don Oscar's successor was Solis or Calderon? .*

LUCKE: Calderon. Solis came later. Anyway we dealt with all of those and many more. Probably my closest counterpart was a woman, Rebecca Greenspan. After I left had she became second vice president of the country. In fact, I dealt with this whole generation of Costa Ricans who became top leaders of Costa Rica a decade or two later.

*Q: Would you say the interaction with them helped educate them in how to run a more open economy.*

LUCKE: I don't know about that. I mean these were smart people and they were well educated. We are talking about people who probably went to good schools possibly in the States or elsewhere. I mean they knew what to do. They were just in a system that had not really caught up with the economic thinking of the time in terms of openness, being export oriented, removing tariffs and that kind of thing, so they knew what they needed to do, they just needed a little impetus to do it. That's where the balance of payments program came in. We had a great relationship with them. Again, it was another one of those untold stories where we helped them with the financing and with "policy dialogue" as we called it but they were the ones making change and reform happen. It was a happy confluence of having a good level of financing, support from many corners of Washington and capable and reform-minded Costa Rican counterparts. That was a winning combination and certainly not the way it always worked.

*Q: At the time, the Reagan administration's disagreements with regards to Oscar Arias' activities in peacemaking, that did not begin to interfere in any way with the USAID programming.*

LUCKE: Not at all. In fact, what we got with the Reagan years was actually a good thing, as far as I am concerned, as there was an orientation towards private sector development which was much needed. We were no longer just working with governments. We were working with business associations, agricultural cooperatives, and we were working with exporters. So much

of our activities and responsibilities had to do with the private sector. That was either something that wasn't possible to do in West Africa or wasn't appropriate given our strategies. But as far as I was concerned, the Reagan years were excellent because we could work with a fuller gamut of economic development initiatives that were based on the ability of the private sector to create jobs and economic opportunity. So, I loved it.

*Q: Did your work have regional aspects as well?*

LUCKE: Well we didn't have much to do with other USAID missions in other parts of Central America but we did receive some occasional assistance from USAID's regional office in Guatemala. However, many of the programs we were implementing in Costa Rica were being developed as well in countries like El Salvador, Honduras, Guatemala and so forth. Examples were the early administration of justice programs, and that really got started in Costa Rica and began to be replicated in all throughout Latin America. Also, investment promotion and export promotion activities were going on in other countries supported by USAID. All those priorities and others were going on all over Latin America.

*Q: It sounds like the relationships and the network that you built while you were down there were all pretty positive. Were there any downsides or negatives as you were working out the programs?*

LUCKE: It wasn't really a negative, but we did have challenges. One was the ownership of the local currency and that was a big issue for a while. We knew that since the money had not been appropriated by Congress, it couldn't be ours. At a certain point, the local currency funds totaled over a billion dollars in colones so you had this ironic situation where neither the Costa Ricans nor the Americans wanted ownership of the money. At first they were shocked to learn that it belonged to them even though we mutually programmed and agreed to the use of the funds. So, they had to deal with that issue. Eventually the Costa Rican lawyers came up with a solution that satisfied themselves and us and so that issue went away fortunately. We had a really good relationship with those guys--they worked out these issues while at the same time preserving the ability to program additional financing for the good of Costa Rica.

*Q: Now and then either USAID or other U.S. government agencies periodically have people present in the local ministries to advise ministers or to advise the bureaucracy. Was that part of what you were doing as well?*

LUCKE: The Mission did have a couple of qualified advisors stashed around, but to my knowledge we didn't have anybody embedded in the government. We had the normal project contractors and NGOs that we supported doing various supportive duties for projects. One of our US friends was working within CINDE and was an important factor in CINDE developing into a premier investment promotion agency but he would tell you again, that most of that credit goes to the smart and capable Costa Rican experts who CINDE hired. CINDE became in essence the flagship investment promotion agency in all of Latin America and that was replicated in El Salvador and some other countries as well. CINDE's role in attracting foreign investment into Costa Rica was a clear success and another thing of which we were really proud. It's also probably one of USAID's most successful programs that you will never hear about.

*Q: USAID Washington was I imagine quite happy because it sounds like basically everything went well with the relations with the local government and the completion of the projects.*

LUCKE: Well, the proof is in the pudding. I left Costa Rica in mid-1990, and a couple of years after that we closed the Mission for good. We declared victory and went home. USAID's Missions and economic assistance are not supposed to be permanent fixtures. Ideally you work yourself out of a job and that's exactly what happened. I went back to Costa Rica several years back and I was struck by how many Costa Ricans remember what USAID--working with Costa Ricans of course--was able to accomplish. I guess that the bottom line is that it was really pretty transformational. I have had two or three other instances in my career of similar transformational accomplishments that you aim for but don't always achieve. Costa Rica was the first one.

*Q: Yeah, I have to agree with you. I mean I spent two years there in the political section in the embassy and I had a similar experience. Costa Rican government officials were very cooperative, intelligent, and approachable. They were ready to listen to good ideas. Ways of improving and being more efficient. It was sort of a model country for USAID.*

LUCKE: Yes, I think results clearly demonstrate that.

*Q: Were there any major obstacles that you encountered that you did have to overcome in the course of this stuff?*

LUCKE: You can tell I am basically an optimist because I remember the positive stuff and don't really remember very clearly any of the real negative things. However, development is not like pounding nails. It can be and often is far more complicated than that.

*Q: No, of course.*

LUCKE: We had a thousand constant challenges in Costa Rica but we could see and feel the progress and it was always fun to go to work. We worked hard and long hours and could get a bit physically beat down. We lost out a lot in terms of family time and recreational time and all that. It is such a wonderful country to be outdoors and take advantages of the rain forests, beaches, national parks and so forth so the work kept us from taking full advantage but we did the best we could. I love going back to Costa Rica as there is so much to see and do. We were there almost five years.

*Q: Was your wife working during that time?*

LUCKE: Yes, she worked for the Inter-American Institute of Human Rights, which was a regional organization based in Costa Rica. So, she worked there and then eventually got a job with USAID working in our Private Sector Office managing several projects. She was perfectly qualified and her Spanish was good and probably better than mine. At the time, I was not so high up in the USAID management food chain that we had to worry about the dreaded "conflict of interest". She was happy and our third and last child--a son-- was actually born in San Jose. So, we had our own little Tico.

*Q: There had been some kind of scandal as I recall with USAID in that period but did it affect you?*

LUCKE: What kind of scandal?

*Q: If I recall right there had been some issue about the USAID director and the accounting for some funds.*

LUCKE: Oh yes. At the time was had the “Inspector General from hell” who went after our Director and more particularly our Comptroller for some alleged sins which were completely trumped up. It was ridiculous and a case of authority gone berserk. These guys to the best of my knowledge had done absolutely nothing wrong. It destroyed the career of our Controller and negatively impacted our Mission Director at the time. I think the Director’s alleged sin was accepting a silver plate worth about \$200 from one of the associations we supported that he didn’t adequately declare. That Director soon departed after that--it was time for him to leave anyway-- and was replaced by another one who eventually became my friend and mentor. Having that IG matter hanging over our heads was a waste of time and energy based on a bunch of baloney and half-truths. That was the Inspector General we had back then. The Controller ended up going to court to clear his name and was eventually exonerated many months later but it cost him dearly career wise and financially.

*Q: Were there any final lessons learned from this particular experience that you either brought with you or you feel that you want to share for those who might be walking into similar economic reform issues.*

LUCKE: There are lessons learned, I guess. It was, in some ways, ideal to deal with the specific reform needs of a place like Costa Rica which was reasonably well developed with well-educated counterparts who were willing and capably led to enable them make the hard decisions and make the right reforms for the country. You realize they knew what they ought to do in terms of reform but they need some help and support in carrying it out. We, as USAID, were able to walk and talk softly and keep the checkbook handy.

*Q: Yeah and just to reinforce what you are saying I had a second tour in Costa Rica from 2009 to 2012 and I can tell you that the difference in development in only 20 years was gigantic.*

LUCKE: You can hardly drive around San Jose these days because of the traffic, so development may have a downside, but most people are living better and signs of prosperity are all around. The old quaint Costa Rica is still there too, you just have to drive a bit further off the main roads to find it.

*Q: Absolutely no question. It really raised living standards for everyone.*

LUCKE: It really was a great success, and again, thanks mostly to the Costa Ricans.

**JOHN TODD STEWART**  
**Deputy Chief of Mission**  
**San José (1987-1990)**

*Ambassador Stewart was born in New Jersey and raised in New York City and San Francisco. He attended Stanford University and the Fletcher School and entered the Foreign Service in 1962. His first post in Munich was followed by posts in Venezuela, Geneva, Moscow, Jamaica, Costa Rica, Canada, and an ambassadorship to the Republic of Moldova. He was interviewed by Charles Stuart Kennedy in 1999.*

*Q: So, in '87 you were hauled out of the Seminar early. Whither?*

STEWART: It was fairly complicated. I was originally slated to go to London to be the Economic Minister there. I was recruited for the job by the Assistant Secretary for Economic and Business Affairs, an old friend and colleague, and I was enthusiastic about the prospect.

*Q: Who was this?*

STEWART: This was Doug McMinn, who had been at STR for a long stretch. He wanted to resuscitate the London job and give it renewed importance in the formation and execution of economic policy. It all sounded quite good. And then I got the word that the Bureau of European Affairs, as a part of a cost-cutting exercise, had decided to eliminate the Official Residence Expense Allowance, called ORE, that went with the job to pay for household help. In most embassies the ambassador and DCM get it, and in a few places in those days the Economic Minister would get it also. When they decided to cut ORE for the economic position in London, I thought that it was a pretty good sign of just how much priority the Embassy was putting on the job. I also saw that I would be losing approximately \$25,000 of after-tax income. As a result, I told Personnel that this was not what I'd signed on for. I then had a very animated session with George Vest, the Director General, who suggested I was an ingrate while I suggested he was running a bait-and-switch operation. Things were a little tense for a while, but my erstwhile colleagues in ARA heard that I was loose and told me that there was a very urgent opening in San José, Costa Rica. This was right after the Iran/Contra scandal broke.

*Q: Could you quickly explain what the Iran/Contra scandal was?*

STEWART: Yes. It was revealed that a small secret group in the White House, led by LTC Oliver North, was selling arms to the Iranians for use in the Iran-Iraq hostilities and using the proceeds to support the Contras, the resistance movement in Nicaragua. All without Congressional authorization. A number of people were implicated in this, including senior officials in Costa Rica, most of whom had just gone out of office following a recent election. They had provided secret facilities in Costa Rica, which, of course, was a neutral country, to support these assistance operations for the Contras. The ambassador, who ran the operation with the station chief, had left Costa Rica about six months earlier.



*Q: Who was the ambassador?*

STEWART: This was Lew Tambs.

*Q: He came out of some Arizona school of...?*

STEWART: He was either at the University of Arizona or Arizona State. I can't remember which. But he was a Republican very active in the foreign affairs loop.

*Q: From the right wing?*

STEWART: Yes. He was Ambassador to Colombia and then moved from Colombia to Costa Rica. He was one of the stars of the Iran/Contra hearings, the one who kept quoting, "If you take the king's schilling, you do the king's bidding." In any case, he was out of there, and the DCM left shortly after him. There was nobody left with any seniority. One of the deputy assistant secretaries from ARA was shipped down to be temporary chargé. He had been in San José for about three months and was dying to get home. And the Bureau wanted to get either an ambassador or a chargé down there as soon as possible. Deane Hinton, who was in Pakistan at that time, had been tapped for the ambassadorial job. He had served in El Salvador in the early 1980's and knew the Central American scene very well indeed, a perfectly logical person for the post. He and I had known each other for some time as I had worked for him in EB. So he signed off on my assignment as DCM, and then there was a great rush to get me down there. Bilateral relations were in miserable shape, the temporary chargé wanted to get back home to his family, and the ARA bureau wanted me on the next plane. There were a few slight problems, however. First of all, I hadn't spoken any Spanish in 20 years. I had served two years in Venezuela and spoke it pretty well when I left, but rusty wasn't even the word for my Spanish at that point. In addition, I didn't know beans about what had been going on in Central America. From the standpoint of the State Department, however, this was a great advantage.

*Q: Untouched by muddied hands.*

STEWART: They couldn't find any more virgin an officer than I was as far as Central American policy went. A new station chief was sent down at that time with the same lack of qualifications, and we used to kid each other that ignorance is bliss. However, I went into an intensive three-week training period, where I was taking Spanish in the morning and receiving substantive briefings in the afternoon.

The final problem in getting down was a typical Foreign Service sort of thing. My wife was going to pack up the house and follow me after taking some Spanish beforehand as she had not lived in Venezuela. But I was going to take our dog "Adam," a large Doberman pinscher, because the DCM residence had a fenced yard and the staff, oddly enough, were used to Dobermans since George Jones, my predecessor's predecessor, had owned one. The only catch was that we were having a heat wave in Washington in June of '87. The airline rules were that if you were having a heat wave, you couldn't ship an animal because there was no air-conditioning in the hangers. I waited for the heat wave to abate, but there was no relief. The isobars were

locked in place all over North America. The days passed, the cries of anguish from San José were getting louder, and people in ARA kept urging me to be on my way.

So I finally said, "I'll have to drive to Miami." It was actually cooler in Miami than it was in Washington so I could put Adam on the plane there. The problem was getting down there with the dog and his crate, which was very large. I couldn't get it into a regular car, and nobody would rent a station wagon to go to Miami. South Florida is apparently the Sargasso Sea of rental cars. Finally, I had to rent a pick-up truck and put the crate in the back and the dog in the cab with me. Off we went, but not very comfortably and not very fast. The pick-up truck was not air-conditioned and the temperature was still up in the 90s. Moreover, the truck's engine came complete with a governor which prevented me from exceeding 55 miles an hour. I drove all the way from Washington to Miami on I-95, stopping periodically to give the dog some water. We found a motel that accepted pets in Jacksonville, got into the air-conditioning and fell quickly asleep. I passed exactly one vehicle on the trip, and that driver was having serious engine problems. Everybody else was whizzing by me. Adam rode with his chin in my lap, drooling and shedding. When I reached the Miami airport, my shorts and t-shirt were covered with saliva and short black hairs.

When I entered the cargo terminal to get the dog checked in, I realized I'd forgotten his papers. Somebody standing in line offered to hold his leash while I ran back to the truck. When I reentered, I found everyone in the waiting room, some 30 people, in a circle around the dog and applauding. Adam was in a sitting position, looking pleased with himself. Apparently somebody told him to sit, and when he did so, the whole room felt it advisable to show appreciation.

After leaving Adam with Eastern Airlines, I dropped off the truck at the rental agency. In the washroom I attempted with paper towels to wipe off the worst of the saliva and hair, put on a suit over what remained, got on the plane, and flew off to take over the Embassy in Costa Rica.

*Q: This man is traveling in style. I remember arriving in Athens, and I swore it wouldn't happen, but I had a huge, dirty bunny rabbit, a violin, and small children with me. I had said, "I am not going to go that way," but I of course ended up with a bunny rabbit and a violin.*

STEWART: You could have played in the airport and made a little extra money.

*Q: I don't play. It wasn't mine.*

STEWART: Those were the circumstances of my arrival.

*Q: Now tell me about the political situation when you arrived.*

STEWART: The situation in Costa Rica when I arrived was challenging. In the spring of 1986 Alberto Monge was succeeded by Oscar Arias Sanchez as President of Costa Rica. Although they were of the same party, Arias and Monge had rather different views on a number of things, particularly a strategy for dealing with the civil wars in Costa Rica's Central American neighbors.

Arias's objective was to effect a just settlement of all the conflicts in Central America, starting with the Nicaraguan conflict and then working north to Salvador and to Guatemala. His watchword was "Ballots, not bullets," which he repeated many, many times in my hearing. Don Oscar, as you know, won the Nobel Peace Prize for his efforts. I don't think he really deserved it when he got it, but he certainly deserved it by the time his term of office was over. I think his was without a doubt the most brilliant diplomacy I ever watched up close. Arias is an extraordinary person. He's vain, but with considerable reason. And he is one of those vain people who doesn't hesitate to surround himself with the best people he can find, because he is absolutely convinced that he is better than any of them. Why not get the best you can get? They may not be up to your standard, but, hey, no one is.

Arias recognized that he had two problems to deal with--first, the other presidents in Central America and, second, the U.S. He saw, moreover, that U.S. policy was complicated by a Democratic Congress and Republican Presidency. He understood that it was necessary to deal with both these branches in the U.S. to pursue his objectives. He had up here as his ambassador Guido Fernandez, who's an extraordinary diplomat. Guido did a masterful job of shuttling back between the Congress and the Administration to push forward Arias's objectives.

You will recall at this time there was no hotter issue between the Congress and the Administration than Central America. Central America was in the spotlight, for the Reagan Administration had put a tremendous emphasis on the region as a foreign policy priority. The Democrats reacted to the Republican's support of the Nicaraguan resistance, the Contras, by espousing Arias's proposals for settlement of the Central America conflicts. The fulcrum for this battle was funding for the Contras. The money provided by Congress - and this is, of course, all after the Iran/Contra scandal—was always short term. Money was provided for a matter of months, if not weeks, and then there would have to be another vote. Appropriations were used by Congress as leverage to try to move the Administration into a position of supporting Arias's strategy, which they finally did.

Arias's first big success, which came several months after I arrived, was the so-called Esquipulas II Agreement, under which the Central American presidents essentially endorsed the strategy of moving toward an electoral solution. The details were many and complicated, and of course they evolved as time went on. However, the electoral strategy drew increasing support, even from the United States.

The Administration had, before I arrived on the scene, appointed a special negotiator for Central America. Phil Habib had come out of retirement to take this job, but a few months into my tenure Phil finally said, "Nuts to this." I suspect he felt the Administration was not all that serious about a negotiated solution and therefore returned to his retirement. He was replaced by Morris Busby, a career officer. Equipped with a U.S. Air Force plane, he flew around the Isthmus, talking to one president after another and sometimes with guerilla leaders as well. In addition to Busby, we also had Senator Chris Dodd, Chairman of the Latin American Subcommittee of the Senate Foreign Relations Committee, who traveled through Central America in his Air Force plane, sometimes in the company of his Republican counterpart, Senator John McCain.

*Q: We are talking about Chris Dodd, who was a Democratic Senator from Connecticut?*

STEWART: Yes. Dodd's Spanish was exceptionally good. He'd done a stint with the Peace Corps in the Dominican Republic and had all sorts of personal contacts throughout the region. He was really conducting his own round of diplomacy at the same time Busby was conducting his. There was always some doubt, frankly, as to whether the Administration wholeheartedly endorsed Busby's efforts or whether this "negotiating track" only served to keep the money coming from Congress for the Contras. Then we had Arias who was on the telephone all the time talking to people—plus his Washington ambassador who was shuttling between the Administration and the Congress. There were many players in this drama.

To make things even more interesting, Central America was such a key political issue that many members of Congress found time to come down and have a look for themselves. This was encouraged by the Administration. In the fall of '87, we had a tremendous influx of members of Congress. The usual pattern was to fly in from Washington Friday night on an Air Force plane and stay in San José, the safest location on the Isthmus. They saw Arias on Saturday morning—he would see anybody in Congress. Then they would pop off to a couple of countries, return to San José Saturday night, and visit the others on Sunday before returning to Washington. The care and feeding of these folks was certainly one of the major activities at the embassy. Some of the Congressmen were not getting per diem. The Administration was flying them down, but there was no money to feed and house them, so we were putting them up in our homes. The more senior people I invited to stay at the DCM residence. Others were farmed out to second secretaries and even more junior members of the staff. The demand was sufficiently great.

*Q: Shows you how things change. Some time ago I interviewed Curt Windsor, who was Ambassador in the '70s to Costa Rica, and he said the highest-ranking American to come there was the Lieutenant Governor of Mississippi.*

STEWART: I was chargé for five months after I arrived there. Deane Hinton had some problem with his background investigation, which he finally got resolved but only after a lengthy hassle. It wasn't until the late fall that he actually appeared on the scene.

*Q: Was there the feeling on the ground that both sides in the civil wars realized that neither was going to win? I am talking particularly about El Salvador. Neither side felt that it was on the cusp of victory, and that is why an election-based solution made sense?*

STEWART: The story was different, I think it's fair to say, in each country. The attention focused on Nicaragua. And it was key because whatever happened there was going to have a big influence on what happened in Salvador and Guatemala even though the issues and the personalities were different. Arias's interest, and certainly American interest, focused initially and principally on the Nicaraguan situation, which was extraordinarily complicated. You had the Sandinista government in Managua. Then you had the Resistance, the Contras, operating out of Honduras with the permission of the government there. That was the Northern Front. You also had the Southern Front, which could not operate militarily out of Costa Rica as Arias did not permit the continuation of military assistance. But Southern Front figures did come across the border for R&R on a regular basis.

*Q: The people coming across were Contras?*

STEWART: Yes. We also had resident in San Jose three *comandantes*, three directors, if you will, of the Resistance. And the three we had were the most liberal ones. The harder line, more objectionable *comandantes* were all in Honduras. Again, this is a reflection of the politics of the two countries. Arias would countenance the folks that we had, but not the harder line types in Honduras who were accused of civil rights abuses, atrocities, and what have you. The fighters that would pop up in Costa Rica periodically were either Indians or blacks from the southeastern part of the country. My impression of these guys was that they were all genuine freedom fighters. First of all, none of them had served in the National Guard.

*Q: Somoza types?*

STEWART: No, these were people who for *campesino* reasons did not like the Sandinistas. They were not numerous, but they did appear periodically in San José. Finally, we got permission from the Costa Ricans to establish a hospital for Southern Front fighters who had been badly wounded and needed medical attention. AID had the money to set up the hospital, which was obviously going to be controversial, and there were all sorts of rumors about it. At one point the local press came bounding through the front door expecting to find, I guess, an arms cache and instead found a bunch of very sick-looking people. The hospital was controversial, not only in Costa Rica but also in Washington. The Inspector General's Office of AID assigned not one but two inspectors to do a simultaneous audit of the operation, so we had myself, who was in charge of the whole program, an AID officer who was really running the show and two inspectors who were looking over his shoulder. This was not a very expensive program, but it was certainly the most intensely audited one that I every heard of in the U.S. government.

The politics of Central America were complicated in Washington. The Administration was arguing to Congress that we had to keep the Resistance going to bring about fair elections in Nicaragua. Otherwise Sandinistas would just rig the outcome, it was argued. A lot of people on the right, however, maintained that there was no way that we were could have fair elections in Nicaragua and that we shouldn't even try. There was some question, therefore, as to whether the Administration believed what it was saying to Congress. And whether Busby's negotiations really had the support of the Administration. In any case, nothing definitive was done in moving toward an election-based solution until after the 1988 elections in the U.S.

*Q: That's when Bush won.*

STEWART: Exactly.

*Q: Did Bush come down, by the way, at all while you were there?*

STEWART: Yes, indeed he did. We had visits by the President, the Vice President, and the Secretary of State. It was quite a spot. The embassy staff was superb, and they could backstop a visit in their sleep. Everybody knew the drill and did it.

Through the U.S. elections and even a little later, there was very little apparent movement, but I think it is fair to say that Arias's plans were going forward. In Central America he had more and more of a consensus as to how to proceed, along what lines and schedules. But in Washington there really was no movement because of the split in the Reagan Administration. This was a problem that required some very definitive decisions coming out of the White House, and that was simply not going to happen under Reagan. So came the elections, and George Bush took office with Jim Baker as his Secretary of State. I believe that Baker concluded even before the inauguration that Central America was an albatross. The problem was going to cause nothing but grief if it continued, he calculated, and it was going to block progress that might be made in other areas of foreign policy.

*Q: '89 being probably one of the most critical years of the millennium.*

STEWART: Exactly. Having determined that the Bush Administration would not continue Reagan's obsession with Central America, Baker did something that I think was brilliant although it had a rather odd outcome. He installed Bernard Aronson as Assistant Secretary of State for Inter-American Affairs. Bernie is a Democrat. His background is really in labor affairs and social issues. He's a liberal Democrat on those issues, but he'd supported the Administration publicly on Central America. This was not unheard of, I guess, in the labor movement, but it certainly didn't reflect positions in the mainstream Democratic Party. In any case, Bernie was given this job. And Baker, I am told, talked to Dodd and other key Democrats before the Administration took office and said, "We want to cut this one loose. If you will give us some slack, we will allow elections to take place in Nicaragua." As that's what the Democrats had been calling for, some sort of understanding was reached. I suspect Aronson was put into office to take the hit after the Sandinistas won the election. The Republican right would demand blood, and so you had this Democrat scapegoat already tethered by the altar. You'd just slash its throat, toss it on the fire and move on.

Nicaragua moved forward to elections in 1990 and we financed technical assistance for voter registration and balloting; it was all clean, overt assistance. Everybody in Washington knew that Daniel Ortega and his Sandinistas were going to be elected. We got U.S. television in Costa Rica via satellite so I could watch Peter Jennings announce the results of an ABC-financed poll showing that a Sandinista victory was a foregone conclusion. This is what all the polling people from Honduras were reporting, too.

There was only one exception, and that was the Gallup-affiliated polling firm we hired in San José. The firm was owned and managed by an American resident in Costa Rica who had an excellent record for accuracy. He conducted his polling in Nicaragua and told us Violeta Chamorro, and not Daniel Ortega, was going to win. We reported this to Washington's incredulity, but of course that's exactly what happened. The Sandinistas were just devastated. Jimmy Carter was in Managua for election night.

*Q: This is President Carter who had sort of a human rights, democracy-type organization, the Carter Center, down in Atlanta.*

STEWART: Exactly. Carter encouraged, in fact almost walked Ortega up to the microphone, to concede defeat before Ortega really understood what had hit him. The upshot was that we did have ballots, not bullets, and that the good guys won. And Aronson became a hero, not a scapegoat, and continued on in his job for the rest of the Administration. Of course this outcome provided the impetus for settlements to be reached in Salvador and Guatemala.

*Q: What were you getting from your contacts in Costa Rica? Did they think the Sandinistas were going to win, too?*

STEWART: No. Most of the people that I knew that were closely involved figured that Violeta would win.

*Q: When did Deane Hinton arrive in Costa Rica?*

STEWART: At the start of November.

*Q: Of '89?*

STEWART: Of '87. And he remained there until January '90, right after the Panamanian invasion. Then Bush moved him to Panama.

*Q: He is sort of a troubleshooter.*

STEWART: He took charge of the embassy there. There was a conflict between John Bushnell, the chargé, and Embassy staff members who felt that John had left them in an exposed position during the invasion. Hinton moved in to assume charge and handle the liaison with the government that was being formed.

*Q: While Hinton was there and you were the DCM, how did Hinton operate? What was your impression of him?*

STEWART: When Deane arrived in Costa Rica, he was over 65 and close to completing 50 years of government service. He had started working for the government in the Canal Zone on summer vacations from college when his father was an Army officer there. He said that he figured that he could do the San José job on sort of a half-time basis. He would be coming in mornings and spending the afternoons at home. He managed to do that part of the time. That's not to say that he didn't do anything at home, but he wasn't sitting in the office the whole time. We had an extraordinarily good staff, and he could just give some general directions and we would take it from there. If there was heavy lifting to be done, particularly with Arias, he would go over and do it. But he wasn't into what you might call the day-to-day stuff.

Our AID mission was just outstanding, and there was close cooperation between the mission and the Embassy. First of all, Hinton had an AID background as he had been an AID director at one stage in his career, and I had been involved in the AID program in Jamaica. We had a huge program, around \$120 million per year. It even went over that in one year because every time Congress would grant the Administration's request for another \$10 million to the Contras, they

would give another \$10 million to Arias through the AID program just to poke the Administration in the eye. So we were awash with money. By the same token, it was used very well. This was a government that wanted to do things and indeed was doing them. Nonetheless, I was amused that Hinton, shortly before he took off to Panama for good, was asked to give a speech to the San José AmCham, which is a very important institution in Costa Rica.

*Q: That's the American Chamber of Commerce.*

STEWART: Yes. He told everybody that within three or four years there would be no USAID program there. That was a drop from \$120 million a year for a country of about 3 million people to zilch, and his prediction was bang-on.

*Q: Once the spotlight moved away...*

STEWART: The bottom dropped out. The program had begun with an enormous influx of money during the Monge period, inspired in large measure by Monge's cooperation with our Contra assistance activities. And by a very activist AID director, who did a number of things which, although not to his personal benefit, were nonetheless beyond the bounds of propriety. It was an odd situation because he actually had grown up in Costa Rica, knew a lot of people there, and spoke superb Spanish. The details of the AID program would be worked out--this was before my time, of course--over a bottle of Scotch in somebody's house late at night between the director and key government leaders. There were all sorts of side deals, all very carefully balanced in Costa Rican terms, to take care of this faction and that faction and so forth. But, by American terms, it was quite improper. He'd left the same day that I came.

The mission was taken over temporarily by the deputy director who came to my office my first day on the job and said, "Look, we have a big problem." The biggest single project we had down there was the so-called Earth School, which was to be financed by AID counterpart funds, the *colones* that were generated by our ESF contributions. With the Costa Ricans' concurrence, we used a good chunk of those funds to buy enormous sections of real estate in Costa Rica as the campus for a school of humid zone tropical agriculture, not just for Costa Rica, but for all the countries in the area. The project made a good deal of sense. It had support not only from AID but from foundations in the U.S., including the Kellogg Foundation. The catch was that there was a custom in Costa Rica, that the notary, the lawyer who draws up papers for real estate transactions, is paid a percentage of the transaction value. And this was the biggest transaction in the history of Costa Rica. So the former AID director, in the spirit of cutting everybody in on the action, had passed this prize to two lawyers who were members of Congress from the opposition party. After explaining all this, the acting AID director said, "I just can't do it. I am going to cancel the deal." I replied, "Okay, I understand where you are coming from. Do what you have to do."

Two days later, the head of the opposition party appeared on my doorstep to protest the cancellation. The son of a former president, he himself would be elected president before I left. I said, "I'm sorry, but by our standards this thing simply can't go forward." Everybody's nose was bent out of shape because it appeared that we were accusing the lawyers of taking a bribe in exchange for approval of the deal by congress. Finally, after some consultations between the



acting AID director and myself, we got hold of the head of the Kellogg Foundation, who was also the chairman of the board of trustees of the school. We said, "Would you please come on down here and apologize for what has happened?" He came to San José, and we set up a luncheon at my place, invited the two congressmen, and apologized backwards, forwards, and sideways. Finally, they accepted the apology, and we were actually on pretty good terms after that.

However, this was just the tip of the AID iceberg. Shortly afterwards, a team of AID inspectors arrived and spent the next year going through all the stuff that had been done there. Nothing the former director did was to his personal benefit, but he had given grants to his old high school, for example. Much was just beyond the pale from an American standpoint. However, the money was well used, for the economic slump that occurred in Costa Rica was reversed, the economy was quite substantially transformed, and a lot of the institutions which were owned by the state were privatized.

*Q: Were you getting pressure around that time to develop a Costa Rican army? From what I gather, they don't have a standing army; it's just a gendarmerie. Were you up against proposals in this regard from right-wing forces in the United States?*

STEWART: No, there was never any pressure from Washington on that subject. We actually had a defense attaché in San José, which was rather amusing--a defense attaché in a country without an army. The attaché used to say that it wasn't true that Costa Rica had no army. It was called the 82<sup>nd</sup> Airborne. And that was more than a joke. Anytime the Nicaraguans or the Panamanians made threatening noises, the Costa Ricans would ring up Washington, and we would make threatening noises in return. That generally solved the problem.

*Q: You were in Costa Rica from '87 to?*

STEWART: To '90.

*Q: How about the church, particularly the Catholic Church, but maybe some Protestant groups there. How did they fit in?*

STEWART: Catholicism was the semi-official religion, but it was not really a political force. It was much more like a church in the U.S. than the church in many Catholic countries. Condoms were on sale at the checkout booths at supermarkets, and the Costa Ricans had a wide range of population programs that we were financing. The church was interested in social causes, and attendance was reasonably good. There were a lot of Protestant evangelical missionary groups there who were free to do their thing. There were also two Mormon churches in San José. It was a situation that didn't much differ from what we have here.

*Q: What was their any indigenous or extra-national guerilla movement going on there? Was there a spillover from Nicaragua?*

STEWART: Fighters would come across the borders, as I mentioned, but that was about it. There were some refugees, but not very many, in refugee camps of sorts. But the camps weren't closed. The refugees could get a job if they felt like it, or go to school or college.

*Q: From what you're saying it sounds like everything I've heard about Costa Rica is true, that it really was different.*

STEWART: I think it is. You have quite a different history there than you have in other parts of Latin America. First of all, it was one of the few Spanish colonies to which large numbers of women colonists came. You didn't have very many Indians there in the first place, for it was a buffer zone between the Mayas and the Incas. The colony was composed of Spanish farmers, almost Jeffersonian, who occupied the area around San José where there were four towns back in the 18<sup>th</sup> century. Just an agricultural existence. There was never any independence movement. Somebody showed up one day and said, "The Spanish Empire is over. You are now independent." So they cobbled together some sort of government.

This situation changed in the 19<sup>th</sup> century, with the advent of two things. One was the railroad. An American by the name of Minor Keith, who had been a Union officer in the Civil War, built a railroad from San José down to the Atlantic coast. Previously, virtually everything came up from the Pacific coast. Then, second of all, coffee was introduced, and with it came a concentration of wealth, for the coffee planters were able to make real money. Yet, the democratic traditions of Costa Rica are traced back to the era of Jeffersonian yeoman farmers.

The army was abolished after World War II, but it never amounted to much before that time. There was never the militaristic tradition that you find elsewhere in Central America. By the same token, the police force was reconstituted after every election to prevent the establishment of an independent power base. It's a patronage operation in a sense, with all the weaknesses that you can imagine coming out of such an arrangement. The lack of professionalism causes problems as seen in the recent murder of the two Antioch college students. There is not very much effective policing to prevent crimes. The investigation after a crime has occurred is the responsibility of another police force, which is professional and really quite good. It is subject to the courts. The FBI cooperates closely with this force, which has competent investigators and good labs. But there are no police skilled in keeping somebody from bopping you over the head when you walk down the street.

*Q: During this time, particularly before the election in Nicaragua, I've heard that U.S. liberals - the glitterati, the Hollywood stars and other people who come out for every cause and all--came down in support of the Sandinistas, and they loved to hate our policy in Central America. Did you run across these people? Were they coming down to Costa Rica for R & R?*

STEWART: Some of this. In addition to the Congressmen I mentioned, we had other folk that would come through, and if they had any sort of official connection, then we of course got involved. I remember that Jack Kemp brought in a planeload of leading conservatives on a tour of Central America. They were just supposed to come for half a day, but then the airport got socked in, and only thanks to divine intervention did the fog lift for the few minutes necessary to get the plane in the air. Otherwise, we would have had to find hotel rooms for the entire party.

But the funniest group arrived with Edward Koch, the mayor of New York. Ed was a little bit on the eccentric side, shall we say. He was making his isthmian tour with the Administration's encouragement because he was supporting our Central American policy.

*Q: He was a Democrat.*

STEWART: Yes. He arrived with a group that was out of this world. Nobody seemed to be fully clothed. The plane pulled up to the gate (we were down on the tarmac), the ramp was pulled up, the hatch opened, and immediately two guys in shower clogs and, I guess, shorts but nothing else came running down the steps with television cameras on their shoulders to film Ed walking down the steps. Ed was wearing a suit but no tie, and the interesting part of his ensemble was that he didn't have any socks. Just shoes and bare feet. This was another short visit, and we were just taking him over to see Arias. He and I were chatting on the bus, and he suddenly said, "Yes, I don't like socks." I hadn't mentioned the subject, but maybe my eyes had strayed down to his feet. The delegation went to see Arias, heard Don Oscar's standard speech, and left. The visit got a fair amount of play in the local press, including a commentary by one journalist who wrote that the Embassy should have advised Koch that Costa Rican protocol required socks.

*Q: Let's talk just a bit about Arias. You've already talked about his being a superb diplomat. How did he deal with the Embassy?*

STEWART: He did everything very directly. When I was Chargé, he would call me up on the telephone. Sometimes I would go over and see him at his request. The interchange was frequent. He had a good foreign minister, Rodrigo Madrigal, whom I liked a lot, but he was frequently somewhat out of the loop. I remember that during one visit by Morris Busby we went to see the Foreign Minister rather than the President, and he told us something rather important about the next step in the peace process. Something in the nature of a--concession is too strong a word--but something we wanted to hear. Busby got on the plane, and I went back to my house as the visit, like many, had occurred on a weekend. I then got a call from the Foreign Minister saying, "I am terribly sorry, but Arias has just reversed all I said." So I called Busby and said, "Oops, cancel all that, and we went back to the *status quo ante*."

Ours was very much of an around-the-clock, 24-7 type of operation. Part of the pattern was the call the Political Counselor and I would make Sunday afternoon at Foreign Minister Madrigal's home. Saturday night the Department would send out a cable, which would arrive, of course, NIACT on Sunday morning. The instruction invariably was to stop everything, hunt down Madrigal, and give him a message. We'd call up Madrigal, who, fortunately, was a hell of a nice guy and understood where everybody was coming from. Then the two of us would go trooping over, sit in his parlor, give him the message, hear what he had to say in response, return to the Embassy, and write a cable back to the Department.

*Q: How about Arias? Was he aware that the largesse would disappear once what he was trying to accomplish was accomplished? In another words, when peace was restored to the region?*

STEWART: I think that he was aware. I would have been amazed, had he not understood that. He was very shrewd, a wonderful politician.

*Q: Did you feel that he was working to get as much as he could out of us during this time?*

STEWART: Certainly it was all very welcome. As I said, our aid was used very well. The policy conditionality was pretty stiff, but again, both Arias and his predecessor understood that some fundamental changes had to take place in the economy of Costa Rica. And a lot of these changes were made.

*Q: Did the Soviet Union, or more probably Cuba play, any role? Were they any concern of ours in Costa Rica?*

STEWART: No.

*Q: Did Washington more or less accept this? Because early on, particularly in the Reagan Administration, it was charged that the Soviet Union, through its surrogate Cuba, was going to be within striking distance of Brownsville, Texas.*

STEWART: It certainly was not a feature of what was going on in Costa Rica. I will not speak for Honduras or Nicaragua even though there was an enormous amount of cable traffic among the Central American posts. Sitting where I did, I knew almost as much about what was going on in Managua as I knew about what was going on in San José. We read everything that came out of Managua, and we read a fair amount of what was coming out of Salvador too. We had to stay up to date because Costa Rica was used as the venue for a lot of meetings. One evening I had couple of Salvadoran guerilla leaders sitting in my parlor waiting to meet some other Salvadorans under our auspices. Nice folks.

*Q: When you were doing this, did Mexico play any role?*

STEWART: Not really.

*Q: From your point of view, nobody was saying, "The Mexicans feel this or that"?*

STEWART: It was not a big thing.

The other country of importance was, of course, Panama. The Panamanians had nothing to do with Nicaragua, but the southern border was important. And at the time of the invasion...

*Q: Did the invasion happen during your time there?*

STEWART: Yes.

*Q: What was the reaction in Costa Rica? Were you braced for it?*

STEWART: Not really. I certainly understood the possibility, but we had no advance knowledge. I remember that after Deane and I were at a Christmas party the night before the invasion,

somebody told me two days later, “My God, you guys were cool at that party knowing that...” I just smiled as modestly as I could.

*Q: Did Costa Rica respond? Were there Costa Rican mobs in front of the Embassy?*

STEWART: Oh, my, no. We had a few demonstrators on some issue during the time I was there, but I can’t even remember what the issue was. I never saw anything that constituted a mob.

*Q: Was there any feeling of your representing the Colossus of the North in Costa Rica, or was the relationship much healthier?*

STEWART: It was a fully healthy relationship. The Costa Ricans constituted kind of a Latinized version of North American civilization, for want of a better word. During Arias’s presidency, he could have held cabinet meetings in English. Members of the upper crust sent their kids to the English-language high schools in San José so they would be bilingual before going to the University of Costa Rica and then on to graduate school in the U.S. So you had all sorts of people that spoke both languages fluently. There were an enormous number of American retirees, some 20,000, who were scattered around the country. Once some officers flew in from SOUTHCOM to talk about evacuation plans for U.S. citizens. “Very interesting,” I said. “Under what circumstances do you think we are going to have to evacuate people?” “I don’t know,” they replied, “maybe if Sandinistas invade.” “Well,” I continued, “I don’t think that’s very likely; moreover, if the Sandinistas do invade, I think that the airports will be used to get the troops in, rather than to ferry American citizens out. And finally, I think that the Americans would feel safer if they just stayed at home.” You couldn’t really tell a Gringo from a Tico, and if the Americans tried to drive to a Caribbean evacuation port, the road over the *cordillera* is so bad that many of them would be killed in accidents. So, I said, evacuation would just not be worth the risks.

*Q: You left there in ’90. Whither?*

STEWART: To Canada. I guess I filled out a bid list, as one was required to do, and I listed Ottawa, where there was a DCM job, as one of my bids. The system then gave my name to Ed Ney, who was the ambassador, a political appointee who had been in the advertising business before. He picked me sight unseen, although he was going to be there for another year and a half.

**THERESA A. LOAR**  
**Costa Rica Desk Officer**  
**Washington, DC (1991)**

*Ms. Loar was born and raised in New Jersey. She was educated at Louisville University, Dartmouth, Rutgers, and she also studied in France. She and her husband entered the Foreign Service in 1986. After serving in Mexico City and Seoul she was assigned to the Office of the Undersecretary for Global Affairs in Washington, where she was involved in Human Rights and Women’s issues. She*

*subsequently became Senior Coordinator for International Women's Affairs. Following her retirement from the Department of State, Ms. Loar was the co-Founder and President of the organization Vital Forces Global Partnership. Ms. Loar was interviewed by Charles Stuart Kennedy in 2001.*

*Q: So it'd be Costa Rica and then, say, about '91 to '93ish, more or less, about?*

LOAR: Yes.

*Q: What was the situation in Costa Rica in '91?*

LOAR: What the heck is ...[Laughter] What's new in Costa Rica? Of course they probably figured since I was so determined to get a desk, and Ray Burkhart, who was the DCM, said, "Just get a desk, any desk, it doesn't matter." And then when I told him I had Costa Rica, he said, "But not Costa Rica! That's junk!" [Laughter]

*Q: [Laughter]*

LOAR: "There's nothing going on there. There are no issues." And I said, "Yes, but nobody else wanted me. I was a consular officer, you know."

*Q: Okay! Well, I interviewed a man now back in the...Curtin Winsor, who'd been ambassador, political appointee, to Costa Rica in the '70s; and I asked if he had any delegations visit him while he was there; and he said yes, he had one, the lieutenant-governor of Mississippi.*

LOAR: Well, yes.

*Q: That was it.*

LOAR: So we came back. The move back to Washington, of course, was very hard, and that's when we decided, "Okay. That's it. We're not moving around anymore."

*Q: Yes.*

LOAR: I really do think that was the time we decided that while we really loved the work overseas, we weren't going to continue to move. My husband Richard was in EUR/RPM (Bureau of European Affairs/Office of Regional Security and Political Affairs) and had a very active, go-get-'em job, you know. It was really important, and it was NATO (North Atlantic Treaty Organization) issues with more on the military side. And I had Costa Rica.

The president of Costa Rica was coming just about a week or two after I got there, and I was thinking, "Oh, sure. Presidential visit, what's the big deal?" And it was actually fun because right away I was brought into getting everything ready for the visit. Rafael Ángel Calderón Fournier was a nice guy; we liked him, like we do most of the Costa Rican presidents.

And I remember going to the Protocol Office. The head of Protocol for the State Department at the time was Jennifer, I want to say Fitzgerald or something like that, a very stylish lady. I remember being in the meeting to plan for the visit and she said, "So they'll land on the mall," and I'm thinking, "What mall? because, I have to know where I have to be. She said, "The Washington Mall," and I go, "Yes, okay." [Laughter] "And you'll be there among the greeters." We got to go through Blair House and to see where they'd be staying, which was fun. We got to check all that stuff out.

What were the key issues? Bananas became the key issue. It was a nice friendly relationship, but nothing that was particularly compelling. I actually had a colleague on the Honduras desk, who had many more interesting things to do than I did. At first I was so intimidated by being on a desk, because I felt that as a consular officer, what could I know, and do, blah, blah, blah.

*Q: Yes.*

LOAR: Then, after a few months, I was bored stiff because everybody else had more interesting work. Dave Schuler on Honduras said, "Bananas - I have one word for you - bananas. Look at the banana trade affecting Central America, and at American companies, especially Chiquita Brands, who have most of the banana plantations in Central America, and are really fighting tooth and nail - a really tough, tough fight - with the Europeans who had their banana plantations elsewhere, like Ecuador and the Caribbean. Just look at that issue, because it's really going to affect the economies of Central America if they cannot export their bananas to Europe."

So not knowing anything about anything, I sort of jumped into that issue, and actually had a lot of fun with it, and became known as the "Banana Queen," and got to know Bob [Robert] Gelbard, who was the principal desk in the Latin America Bureau at that time. He had a strong economic background, and saw that there were issues related to trade, but also issues related to the economic well-being of Central American companies involved in this.

USTR (Office of the United States Trade Representative), of course, was saying, "Back away! Back away!" and the Economic Bureau at that time was absolutely hostile to the idea that any desk officer would get involved in something related to trade. Bob Gelbard loved a good fight though, so it was a perfect issue for him. He was able to really stick up for the Central Americans. It was very interesting because Larry Eagleburger was very concerned about the economy of some of the Caribbean states who were affected by this, and it was very interesting. I actually worked with some guy who became a member of Congress, Robert Jones Portman, and with Joseph Hagin who now is Deputy Chief of Staff in the Bush White House. I remember that they all worked for Chiquita Brands, and they were pushing for free trade, which is an often-used and often-misrepresented word.

*Q: Well, that's it..*

LOAR: But our interests, from the State Department's side, was that the economies of these Central American companies' countries don't get really disadvantaged by the Euro banana traders, and that American companies, of course, get their fair treatment as well, whatever that might be.

*Q: While you were there, was there any progress made on this?*

LOAR: No, there was not. I think I was out of government when some progress was made, so that would mean that it was in the last year or so, that there was actually some progress. They said this one person sent me a note: "Do you believe it! They finally achieved some resolution."

*Q: Yes.*

LOAR: But it took a long time, and then so much money was involved and such huge numbers of jobs that would be created or lost, and huge trading routes. Actually, it was interesting. I hadn't worked on trade before. I found it very interesting to see the role that USTR would play, or not play. At that time I thought the Economic Bureau wasn't being particularly aggressive in the way it worked with USTR. It was more like, "Okay, you tell us what to do, and we'll be your service agency." Perhaps it was unfair, but Bob Gelbard liked it because it was a fight, with economic issues. He knew trade, and he knew that these Central American countries were really going to get screwed if they did not get their shot at those trading routes.

The other issues were repatriation of...no, that was the Nicaragua desk. I think that was pretty much it.

Luis Guinot, Jr. - now this was under President Bush I, the first President Bush [George H. Bush]. He had sent the political appointee ambassador, Louise Guinot, who was a Hispanic man from the Washington area. He was a very nice guy, and it just didn't seem like we had a lot of difficulties, because the banana stuff became fun.

*Q: Yes, well, the banana thing, of course, is part of this war that would go on and on particularly on agricultural products, between the United States and the European Union.*

LOAR: Right, right.

*Q: And when you start messing with those, you're talking about messing with each other's jugular vein.*

LOAR: Yes.

*Q: I mean these were not taken lightly.*

LOAR: Yes. I actually think Chiquita Brands may have gone bankrupt since then. It's the Lindner family. They're huge contributors to both political parties. I remember watching them, because batting so up close, I was the only one who cared about their little banana issue, you know. So, Rob Portman, who is a Republican member of Congress now from Ohio and Joseph Hagin, who's now one of the Deputy Chiefs of Staff at the White House, were both working for Chiquita at the time, and they were terrific guys to work with. I, of course, was somebody paying attention to something they cared about, and they were grateful, I think, to have some energy and interest in the issue and all.



**THOMAS J. DODD**  
**Ambassador**  
**Costa Rica (1997-2001)**

*Ambassador Dodd was born in 1931. He served in the US Army, Military Intelligence Detachment with the 49th Armored Division. He received his B.S. from Georgetown University's School of Foreign Service. His M.A. and Ph.D. are from George Washington University. He was a professor at Georgetown University and a lecturer at several institutions, including the Foreign Service Institute, the Defense Intelligence College, the National Defense University, and the Instituto Tecnológico de los Estudios Superiores in Guadalajara, Mexico. He served as ambassador to Uruguay and Costa Rica. Ambassador Dodd was interviewed by Charles Stuart Kennedy in 2001.*

*Q: I've never served in Latin America but I've heard many people say, particularly dealing with Mexico but some of the other places, that the foreign affairs side usually is sort of the reserved playground of the left within the political spectrum in a country, particularly Mexico and all, because in a way it doesn't make that much difference to the powers that be, so they can kind of beat up on the Yankees there.*

DODD: I think that it true to some extent. Foreign affairs and foreign affairs ministries in the last few years, during my tenure, since 1992 and '93, have become more professionalized. In Costa Rica an effort has been made to create a cadre of career professionals. Many new Foreign Service officers going into the ministries, foreign ministries - in Uruguay and Costa Rica - had studied in the United States, so they had a more measured and, I think, a better understanding of what we're about up here. So the era of simply bashing the Yankee to gain some political stature doesn't really hold anymore, at least certainly in the two countries I was accredited to.

*Q: It's a natural extension, but had you had any experience, either as an expert of consultant or anything like that, in the foreign affairs field other than being a teacher prior to your appointment as ambassador?*

DODD: It did. Back in the '70s, Stu, I worked on a contract basis with the Policy and Coordinating staff in the Department of State reviewing, reading and sometimes writing papers dealing with Latin America.

*Q: What does that mean? What were they looking at?*

DODD: Actually, as I recall, these were like position papers dealing with Latin America. They were looking for accuracy; were there enough themes that were in these position papers on how to begin to implement some foreign policy; that reflected basically a reality in dealing with Latin American countries. My recollection was dealing with Central American and the Spanish Caribbean. I also gave lectures out at the National Defense University. I chaired the Central

American Seminar at the Department of State Foreign Service Institute and at the InterAmerican Defense College. So I applied some of the tenets of Latin American diplomatic history to those courses. At Georgetown University, there were many people from the U.S. Foreign Service and from the foreign ministries of other countries. I worked closely with these people like team teaching courses from time to time.

*Q: Tell me: on the subject of Cuba - by this time Cuba was kind of on its own - from Uruguay with a leftish government, a socialist government, was there sympathy for Cuba, or was this a place to sort of show their independence? How was Cuba viewed?*

DODD: Well, it was a combination of both. Uruguay under Localle simply was not sympathetic to Fidel Castro and made no pretense of being neutral on it. But Sanguinetti was clearly sympathy towards the Castro regime. In fact, there was discussion that Castro might even visit Montevideo during my period there. There was no question but that Sanguinetti was sympathetic to Castro. That is that he should be recognized and brought into the family of Western Hemisphere. This might have been - I'm not certain - an effort to be more independent. But I think Sanguinetti worked closely with the Europeans on European states that were equally sympathetic towards Castro.

*Q: Because the subject of Cuba has come up, when you were teaching and all, obviously Cuba was always there, and there's much more of a debate now than there used to be about whether we've done ourselves more harm than good in trying to isolate Cuba rather than to overwhelm them by allowing visits and getting in and all that. What was your personal feeling on that?*

DODD: My personal feeling, Stu, was I thought, and still do, that the time had long since passed when we should recognize Cuba and engage it, that is, bring it into the Western Hemisphere councils, the OAS, and there we could be much more maybe effective with colleagues in pressuring Cuba to be far more humane on human rights and other issues, the distance at arm's length always created problems. As chief of mission in Uruguay, I always was the outsider. In Costa Rica, the Costa Ricans would always say, "What are you really going to do about Cuba?" They were watching carefully, of course, at their neighbors change views like Honduras. So I was constantly under a lot of pressure to be candid about something that I knew was not going to change or didn't expect to change. That got to be very tiring, because it also closed other possibilities of engagement with Cuba.

*Q: In a way it sounds like people I've dealt with - and I had little to do with this - with our policy towards Israel dealing with Arab countries and all that. You knew what the political realities were, and there was no point in arguing it, but it was awkward.*

DODD: It did impact on several occasions on other things I was trying to do but I'd always kind ran into this issue of sanctions, economic sanctions, against Cuba. That always clouded or crowded out other things that I wanted to get done with these two small countries. And, again, I was also pressed and asked, "What do you really think? What is really going to happen in Washington? Will they change?" and so forth, and I had to stick to the party line obviously.

*Q: But those that really had to deal with it understood the politics of the thing?*

DODD: Yes and no. I don't think the Uruguayans really grasped the politics of pressure groups here in the States. The Costa Ricans, on the contrary, yes - geographically closer to the United States, the contacts, of course, are so numerous and diverse. The Costa Ricans caught the picture in terms of Congress, its position obviously on the Cuban question and the embargo, those who were for it and against it. Members of the Cuban-American community and Costa Ricans knew each other well. But the Uruguayans were infinitely more - again, maybe geography had something to do with it - simply did not get the full spectrum of different opinions and views in the United States.

*Q: Where did upper middle class, bright Uruguayans go to college?*

DODD: Europe - France, England, Spain and Italy. This is changing and I could see some movement in the direction towards coming to the United States. Costa Rica is completely the opposite. The upper middle class of Costa Rica comes to the United States. In fact, without exception - maybe I'll have to check this some day - every minister in the Figueres (Jose Maria Figueres, administration that was in power when I arrived) and the Miguel Angel Rodriguez Echeverria government all had attended United States universities earning degrees from U.S. universities. So, again, to go back to my point, there was clearly a better understanding of the United States and its diversity in Costa Rica, more so than in Uruguay.

*Q: Was it part of your portfolio to try to get more Uruguayans up to the United States for a significant period of time - I'm talking about maybe either being educated or getting a good, solid visit - and sort of woo them away from this European connection?*

DODD: Yes, and let me be precise. This was not done by any directive from the Department of State, but surely with the declining amount of money and funds, the Fulbright program, for example, we had to turn to other resources to do this. I relied heavily on Partners of the Americas. It was established in the 1960s with the Alliance For Progress. The sister state with Uruguay was then and still is Minnesota. So we encouraged academic exchanges, farmer-to-farmer programs. In other words, we made a special effort to do just that, to do it through the state partnerships. I didn't give up on Congress and trying to get money, but certainly I had to be more resourceful in doing this.

*Q: I would think that our business programs in universities would be particularly interesting to the Uruguayans.*

DODD: No, I have to tell you there was very little activity in that area. The National University in Uruguay is an antiquated institution. It needs some fundamental reform. They simply have not been offering those kinds of courses to attract the attention of undergraduates, nor had there been much interest on the part of the American Chamber of Commerce then in this area. The state Chambers of Commerce, for example, Florida, Texas and California, had not shown much interest in Uruguay. This may have, of course, changed since I've been there, but certainly not during my tenure.

*Q: Was there any way that you could call upon the academic mafia, of which you were a bona fide member, through whatever contacts you had with the University of Florida or Minnesota or something, and say here's a good hunting ground, particularly for masters' degrees in business and things like this?*

DODD: I went to the Library of Congress in the Hispanic Division. I got help from them, yes, in tapping some university representatives to come down, from the business schools, humanities and social sciences departments for research projects, and for librarians, too\*. That, of course, would have been the interest of the Library of Congress. We did a lot of work in that area to develop programs and library exchanges through the Hispanic Division of the Library. The Hispanic Division put us in touch with other universities who in turn then developed contacts with the libraries in Uruguay.

*Q: What about the press? How did you find the Uruguayan media?*

DODD: The media, professionally it was wanting in some areas. But overall our relations with the press were excellent. But we were proactive in that. Again, the USIA, Public Diplomacy now, made a special practice, I did, of having a luncheon every month with editors and working members of the press of the major newspapers, both from Montevideo and in the interior. I would package a trip to the interior which would include meeting with the regional press, radio, some television. That was the bulk of my work. Again, implementing the mission plan meant a lot of leg work and a lot of traveling, which I liked, and they were happy to have me out of there, out of the embassy. Your DCM was looking at the administrative side. If something came up, of course, that was intractable or couldn't be resolved, obviously I had to deal with it. But aside from what I mentioned about being visible and working the floors and paying attention to what people were doing, my job was to get that mission plan working.

*Q: Then in '97 you left there?*

DODD: I left in September of '97. I was there exactly four years.

*Q: So how did your next assignment come about?*

DODD: How did that come about? I got word from the Department saying that the career person was leaving Costa Rica and there was a big battle over who would be that person's successor. Apparently they decided to not select either one of those career people. So I was in Montevideo and they said, "Well, get ready for another round of it." Then my brother Christopher, who was in the Senate on the Foreign Relations Committee, said, "Yes, Costa Rica's been a battleground. It's a lovely country. It's a nice place to be assigned to. Would you want it?" And I said, "Yes." I had to be careful about my tenured position at Georgetown, although they were very liberal in granting me leave for four years. At Harvard, you know, you only get about 18 months. So to get to my point, yes, there was an opening available, and I said, "All right, I'll make a career choice. I'll go for four more years, but I'll have to give up my tenured position at Georgetown," and I did that.

*Q: I forgot to ask. Are you married?*

DODD: Yes.

*Q: Let's talk about the wife. Would you talk a bit about the most important part of a mission, and that is the distaff side, your wife.*

DODD: I was married in 1970 and then divorced and remarried, so I was a bachelor in Uruguay, but I was married in Costa Rica.

*Q: I thought we would stop at this point, because I would rather have a good, solid session on Costa Rica, so we'll obviously pick up about your wife and also the whole thing about Costa Rica.*

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*This is August 13th, 2001. Tom, I can't remember. Did we cover how you got to Costa Rica? Yes, we did. Okay, so you arrived in Costa Rica when?*

DODD: I arrived in the late fall of 1997.

*Q: And you were there until when?*

DODD: Until this year, 2001.

*Q: What was the situation in Costa Rica and also in Central America in 1997 when you appeared?*

DODD: Basically I would describe it simply, that it was a region at peace, politically stable, and for anyone who worked or traveled in Central America a decade earlier in the 1980s during civil wars, intraregional conflicts, social upheaval, it was an entirely new stage, a new panorama, peace, tranquility, political stability. It was a remarkable change from one decade earlier when I was there on a Fulbright. That was the first and the most dramatic, but not surprising for me since teaching and traveling there periodically, I could see the evolution of change in that region from Contra wars and Sandinistas, revolution, civil war in El Salvador. It was extraordinary. You asked me precisely Central America but Costa Rica in general. When I returned to Costa Rica in '97 as chief of mission, of course, things had changed in the decade. But it was still, as it was in the 1980s, the bastion of political stability and social tranquility. That was the one constant in Central America among its nations.

*Q: Prior to that had any of the powers, including the Sandinistas tried to mess around in Costa Rica or Ollie North and our NSC, an awful lot of people were playing games and they really didn't pay much attention to boundaries.*

DODD: There was great migration in Costa Rica from all over Central America, mostly political refugees in the 1980s. In fact, one of the biggest problems I had soon after I arrived was the demining process along the Costa Rican and Nicaraguan border where hundreds of land mines

had been placed by Contras and Sandinistas. So, no, there were no boundaries, and Costa Rica was the haven of U.S. Contra military operations up in the northwestern part of the country. In fact, property there was expropriated - a man named Hall - that was used as an airstrip by Ollie North. When I got to Costa Rica, I had to deal with a lot of the legacies of what I call the land and air use of Costa Rica by combatants of Central America.

*Q: We'll come back to that, but when you arrived there, did you have any sort of instructions in your attache case or in your mental attache case?*

DODD: Yes, I did, at least in my mental attache case. This was a - I've always described, and I think it's correct - Costa Rica, a small developing country with a huge, enormous international reputation on several fronts, a country whose representative were very active in international organizations like the OAS, the Human Rights Commission, the InterAmerican Commission on Human Rights. When I arrived, Costa Rica also had a seat on the UN Security Council. So when I arrived, I was dealing with a small country, small in population and size, but with a very, very prominent role in the world stage. So in my attache case basically were several objectives. First was to deepen and strengthen Costa Rica's democratic institutions, because they in turn would have an impact on its neighbors: that is, a court system which was transparent or become stronger, decentralized government in Costa Rica, which it was trying to do to get more local authority to cities and towns. This too would have an impact on its neighbors. So my agenda basically was to begin to work on those two major issues, how to strengthen Costa Rica's democracy but make it significant for its neighbors. Again, for me to say or even suggest or imply to Costa Ricans that they needed help in maintaining a democratic institution would have been ludicrous and out of order. But to help them strengthen their institutions to help their neighbors was, I think, not only a legitimate objective, but I think it really was serving our interests at the time.

*Q: How did you find your embassy when you arrived?*

DODD: It was a fine team of people really. It was a large embassy, by the way. There were several other departments represented at the embassy along with the Drug Enforcement Agency, Commerce for example, the Central Intelligence Agency. In other words, it was a large embassy for its regional role. In other words, just as important as working with Costa Rica, we had to work with its neighbors on drug enforcement, on interdiction, for example. So I would describe it as a fine team of seasoned and experienced people with a considerable amount of service in other parts of Latin America. These were not people who had been earlier assigned to China or Afghanistan, or who were brought in from way outside. There were good linguists helpful to me over the four years. There was a very fine and maybe, according to State Department assessments, the finest Foreign Service nationals. These were really first-class professionals with considerable service. We're talking about 30 years, 40 years service. They were called FSNs, Foreign Service Nationals.

*Q: They're so important.*

DODD: Their work was fundamental to me. In many ways, I said to my U.S. colleagues often, they're really the backbone of an embassy. These people have great historical knowledge and memory, and they can bring to the table lots of things that are helpful.

*Q: Who was your DCM?*

DODD: I had two DCMs. Linda Jewel was my last DCM. She was from the United States Information Agency. It was an interesting appointment in the selection because it was at the point that the Agency was then going to be merged with the Department State, and I'm a strong advocate of public diplomacy. I think it's a fundamental aspect in the conduct of our relations with our Latin American neighbors. And she knew the press and cultural affairs. So coming from the Agency was, I think, a special and a unique talent to get that experience, and I thought that was important and very significant.

*Q: Let's talk a bit about, before we get to the issues, the government of Costa Rica. How close were our ties to them, and had the decade of turmoil before sort of wounded our relationship?*

DODD: Our relations with the Costa Rican government were simply excellent when I arrived. I did not have to repair any fissures or great damage in any way, shape or form. There were sticky problems, land expropriation cases, squatters appearing on U.S. property in Costa Rica. The legacy though that I should be very candid and up front about was that in the decade of the 1980s the United States was probably spending as much as \$350,000,000 a year in Costa Rica through AID, and then it was stopped. Maybe less than five years before I arrived there, AID left Costa Rica. So on that point there was, I think a very difficult legacy. We didn't have the money to spend and to hand over to Costa Rica on every project that they proposed. In fact, I had little or no money. I basically had to wrestle with the problem, "We don't have the money but we may have ways and means to help you get help." I really became a facilitator to show them basically how and where to get help from non-governmental organizations in the United States, maybe other agencies at here that might help them on projects. I spent four years doing that. I didn't have money to hand out directly. I developed the expertise with colleagues in the embassy in how to be good agents essentially for providing assistance.

*Q: Tom, could you explain why we'd been spending all that money and then we weren't spending any money?*

DODD: Basically we were spending that money because this was back in the '80s, this was Cold War diplomacy. We would spend as much as needed to fend off either dictatorships, insurgencies that Washington felt were alien or inimical to the interests of the United States in the area. The Cold War abruptly ended that policy of propping up neighbors because we wanted stability at all costs to basically an era where we perceived no challenges to our security which meant, of course, that Congress was not about to underwrite essentially checks for a U.S. mission abroad unless it was obviously of great significance. The emphasis changed then - or the term 'security' - from essentially external threats to basically regional threats like drugs. Drug interdiction became defined as a new type of security threat to the United States, so that monies then flowed fairly frequently and in substantial sums in that direction.

*Q: What kind of a government? Who were some of the personalities you were dealing with?*

DODD: I was dealing first with the son of the founder of modern Costa Rican democracy, Jose Maria Figueres. His father, Don Pepe Figueres, led the famous and very significant 1948 revolution and civil war in Costa Rica, abolished the military in 1949, wrote a new constitution, became president, in fact two or three times. I was dealing with the son of the founder essentially of modern democratic Costa Rica. The founding father of modern Costa Rica, President Figueres' father, created basically a welfare state, a patrimonial state, and the son, with whom I was dealing, was trying to modify it dealing with the new global economy of privatization of state-owned industries and attracting foreign technology. So I was dealing with a member of the same family but a president in another generation, a younger generation, who was coping more with the global economy, something that his father did not have to deal with in 1948. It was a friendly government and, of course, the President, Figueres, pressed me over and over again, and I saw the significance of it, of trying to attract foreign companies, U.S. companies and specifically high-tech industry. He attracted the Intel Corporation to Costa Rica. He did so in a manner that has helped to transform and change the Costa Rican economy.

*Q: Was there a Georgetown connection in Costa Rica?*

DODD: Huge, it was huge. You know, I'll say to colleagues now, and it's becoming more apparent to me, "The legacy of your teaching as an academician generally takes a while." The benefits, if you want to call them, and the rewards of teaching who reappear as they become mature and enter professions. Every day I ran into Georgetown graduates, ministers, vice ministers, members of the National Assembly, businesspeople, lawyers, doctors; and, second, I also ran into Fulbrighters. I was awarded two Fulbrights in Latin America. There are over 1,000 Fulbrighters, former Fulbrighters, in Costa Rica. Imagine that, in a country of just under 4,000,000 people. So there, of course, we did lots of work with the Fulbrighters and Georgetown graduates and former students. I had a huge network of friends and associates. To go back to your earlier question, the change in U.S. policy there, I didn't have the resources of the U.S. government to spend, but I had a huge resource of support from the private sector. We organized the first Fulbright association in Costa Rica to raise money creating more Fulbright scholarships. I had a huge network of former students, graduates and, as I say, from the Fulbright association, which may be per capita one of the largest in the world.

*Q: Well now, how about employment for these people who just be membership in this group you were mentioning and other groups? It seems like you must have had a rather highly educated cadre.*

DODD: Highly educated. As a matter of fact, you may know, general knowledge, Costa Rica's about 99 percent literate. You will find it in the professional classes of people both in the public and private sectors. Many - in fact, in the government, well over half of them, have studied in the United States. They have advanced degrees here, as President Figueres did, the President whom I had to deal with initially, and the next President, Miguel Angel Rodriguez Echeverria holds a Ph.D. from the University of California. So, again, these people studied in the United States at a very high and sophisticated level of education. Therefore, working with them was very easy and mutually beneficial, because they understood us so well; with our faults and great attributes.



*Q: Was their sort of the ten families running the place or something like that, that you hear about in other Latin American places? You didn't have the military, but I was wondering if they had that family...*

DODD: No, you don't have that family network, although there are families that go back to the late 19th century, the great coffee families, yes, but generally you find Costa Rica has one of the strongest two-party system in the world that go back to the 1940s. So, no, to answer your question, you deal with political parties and their ideology.

*Q: Really disparative income, is there?*

DODD: No, there isn't, not by comparison with other countries in Latin America. There's a substantial middle class in Costa Rica, well educated. By no stretch of the imagination do you talk about a few families dominating the political process. They don't, although they play a role in it, but parties are not identified by the names of families who are in them.

*Q: Indian population?*

DODD: Very small, probably 10,000 if that, located in the southeastern part of the country.

*Q: So you don't have that...?*

DODD: These is not a problem of how to integrate or how to give autonomy and self government to an Indo-American population.

*Q: Well then, let's take some of these things that you were talking about. One is the deconstruction of the Cold War, the mines, the facility. What had happened and what were you trying to do?*

DODD: Basically what had happened is that Costa Rica was the only country in the area without any significant - in fact, no significant - civil wars or conflict within its border. As a democracy, it became the haven of political exiles from other Central American countries like the Sandinistas who actually formed their government in Costa Rica before going back to Nicaragua in the summer of 1979. It was also a base for our operations, the United States' operations and assistance to the Contras. So Costa Rica then became essentially the locale for political groups vying for power in their respective countries. A free press there allowed them considerable liberty and independence to propagandize their positions. Second, Costa Rica, along its northern border specifically, was heavily mined by both Contras and Sandinistas, an armed border, not two countries poised to go to war but basically two countries whose competing forces in Nicaragua were using Costa Rican territory.

*Q: You didn't have a Costa Rican military?*

DODD: Didn't have a military, so landing strips and roads were built along the northern portion of Costa Rica with easy access to Nicaragua. So, again, it was essentially a haven basically for

contending and competing forces, the Sandinistas and Contras, in Nicaragua and in El Salvador to some extent between the FMLN and the competing government forces. So the demining process became one of the most important jobs I had to undertake, to demine those areas along Costa Rica's and Nicaragua's borders, with the Organization of American States and Costa Rica's security forces. It was a very difficult job, because, of course, it takes a great deal of expertise. I finally resorted to the strategy of publishing funny books, comic books, in Spanish about the dangers of walking through mines for high school and grammar school kids in villages along the Costa Rica border. We distributed them up there. I can't tell you honestly whether it had any significant effect, but it certainly raised essentially the dangers on much of the land around the Rio San Juan river which divides those two countries, Nicaragua and Costa Rica. We still have more to do up there. I got something done, but there's still more to do. I can't give you percentages and I'm not certain exactly what the estimates are off the top of my head, but there may be as many as 1,200 mines still to be identified, but that's an educated guess.

*Q: Did you have any residue - this would be true, I guess, of all of Central America - of kind of free-booters, guys with AK47s or American automatic rifles or something? This has been a way of life for some time, and we're still sort of wandering around the jungles. Was that a problem?*

DODD: Not really, not during my tenure there, but certainly it's a good way to describe it historically. Central America's always been a land of free-booters, from William Walker in the mid-19th century on. Yes, there were conscripts, of course, but there were also volunteers from all over joining up with wars for liberation as well as becoming participants in paramilitary forces to contend with those new insurgent and revolutionary forces. But I didn't have that problem. Things had calmed down by then. I was doing the cleaning up essentially, demining.

*Q: Of course, you were up against an even more insidious force than anything else, and that is the drug business. You're not that far from Colombia and you're on the route. Tell me about what the situation was.*

DODD: When I arrived in 1997, all the estimates that I had been briefed on was that the drug trafficking by land, sea and air had passed the danger point in Central America and could easily transit by land, by sea, along both coasts of Costa Rica and its neighbors. At that point in 1997 there had been preliminary discussions about negotiating a bilateral ship rider agreement which would allow United States Coast Guard and naval vessels to enter Costa Rica's territorial waters to pursue fast boats from Colombia coming up both the Atlantic and the Pacific coasts and getting into the rivers and estuaries of Costa Rica, unloading their drug supplies to local drug dealers. I didn't fare very well initially. In fact, when I first looked at polls that we had issued to be done, well over 75 or 76 percent of the Costa Rican population opposed any kind of ship rider agreement that gave the United States the right to jointly pursue fast boats from Colombia within their territorial waters. Lawyers, judges, members of the National Assembly were all opposed to it. Then something very interesting happened. The Minister of Public Security, a man named - I had enormous respect for him - and I became good friends. I liked him. He was a nice person. He liked history, and we used to trade stories together. But to get to my point, I give him really great credit because he realized that the drug trafficking using Costa Rica as a transit site was having a profound and significant impact on drug consumption by Costa Rican college, high school, and grammar school kids. He did his own poll and discovered it was more alarming. It had reached

an epidemic stage. What Lizano did - and our strategy was basically that I would not as U.S. ambassador try to turn around public opinion in Costa Rica by saying they needed a treaty. On our urging, he went to the National Assembly, briefed members of that body on drug consumption in Costa Rica. He turned the issue around. We were able to negotiate a ship rider agreement. We got the full and unqualified support of members of the National Assembly and press. His ministry signed an agreement allowing U.S. Coast Guard and Naval ships to come into those waters. What I had to do was every time a U.S. Coast Guard ship approached the territorial waters of Costa Rica following or pursuing a fast boat, I had to get on the phone, call the Minister of Public Security and the President of the National Assembly to get their approval. Now we were given four months to six months without permission to go ahead approval to one of those vessels to pursue a joint operation after a United States vessel entered territorial waters. I can tell you, sadly, fighting drug interdiction was not my favorite subject by any means, but I have to tell you we were able to reduce drastically the shipment by sea, by fast boats from Colombia to Costa Rica's coastal waters. What was happening was El Salvador, Nicaragua and Honduras were, when I left this year, negotiating, in a process negotiating with those countries to sign ship rider agreements, too. My hope is that all of these Central American countries will combine these bilateral agreements with the United States into a regional compact of some kind and have joint action, so once a fast boat, if it did escape, left Costa Rica on either one of its coasts and went to Nicaragua's coast, the Nicaraguans could pick up the operation and do so based on a bilateral ship rider agreement or a joint drug interdiction operation. So, again, not a very nice subject, but obviously we had to deal with it and confront it. It was not easy for me because Costa Rica without armed forces, without military services, any agreements, contracts or whatever with our Navy or Coast Guard conjured up there the worry that it's territorial sovereignty would be in jeopardy. In fact, today Costa Rica has a small academy at work creating a professional coast guard prevent not only drug trafficking, but to protect marine resources of Costa Rica. The tuna and the other resources of Costa Rica's coast now have been taken or seized by this small but growing coast guard force that can capture poachers and seize ships and sell them and make money on it. So it's more than simply drug interdiction, although that was the principal objective; it was also to help the country capture and control its vast marine resources and protect them.

*Q: Since Costa Rica has become sort of a haven and has more potential and doesn't have as much sort of underclass as some of these other places, was Costa Rica at all a place of immigration, too, from other countries? Was that a problem?*

DODD: A tremendous issue and problem. The population of Costa Rica is about 3.5 million; it's under 4 million. There were estimated - I'll give you the high number - 800,000 Nicaraguans who have fled to Costa Rica since the Sandinista revolution, originally political refugees, now more economic refugees. The low figure may be 200,000, but even that's substantial. They moved into Costa Rica and basically have taken on what we would call for lack of a better word, the menial jobs, housekeepers, construction workers. They have found work. But of course it has put a heavy strain on the Costa Rican state-owned, state-managed agencies such as the pension system, the welfare system, the hospitals, schools. We built several hundred classrooms in communities where Nicaraguans have moved and settled. That's, by the way, through the regional AID project. It was one of the most successful programs I've seen in the post-Cold War era. We put up literally hundreds of classrooms in these schools in areas where Nicaraguans have

moved most recently. The great drought now in Central America has posed the possibility of another wave of immigrants from El Salvador and Nicaragua. Costa Rica and, of course, become politically viable and contentious should they accept more Nicaraguans and, of course, Costa Ricans have tried to get help from the United States on dealing with this migration issue.

*Q: How about the other way? Were Costa Ricans going to the United States to immigrate or not?*

DODD: No. There are maybe two communities in the United States of Costa Ricans, one in New Jersey and one in my state of Connecticut. But they are mostly (Connecticut) professionals, doctors, lawyers and so forth, and in New Jersey they are people who migrated for work and send remittances back home. Costa Ricans who travel to the United States do so for education, learning English, and simply vacation. And they come up in great numbers. So we don't have that issue that other Central American countries have with the United States.

*Q: How did you find the media there?*

DODD: The media was tough, very tough. *La Nacion* was the major newspaper. My relationships were always good, but they never covered as much as I thought they should about the U.S. But the media was difficult, and I'll tell you why and where. There were substantial numbers of expropriations of U.S. property during the Contra period and in the post-Contra period, so I had to adjudicate those and clean them up. But equally important was the great problem of squatters. It's a problem for Costa Ricans, dealing with squatters. If you don't occupy and effectively control your property and develop the land, squatters can come on, and in different departments in Costa Rica, maybe in 30 days if you don't remove them or if they move on your property and settle there in 30 days it becomes their land for use and in some cases ownership. In other words, the laws are simply a patchwork and a quilt of different regulations and statutes. When I first arrived, an American, a man named Dalton, who owned property in southern Costa Rica was killed, allegedly by squatters who came on his property when he tried to remove them. So this was a contentious issue. Of course, I had to look out for that family's interest to find out exactly what the causes were and to get that case adjudicated. But the press was tough saying. I was wrong and the squatters were right in several instances. So I had a lot of work to do. I had a lot of explaining to do. It was not a friendly press to the United States, but being a historian, Stu, at least I could understand why. It didn't take me very long to figure out that the U.S. ambassador who had been a proconsul for so many years was not really trying to meddle in their politics but was simply trying to represent American citizens whose property had been taken over. So I had a tactic. I developed a strategy for dealing with the press in the capitol city. I made trips all over the country and deliberately tried to explain my position, Washington's position, to local and regional press and radio and television stations in the interior. I certainly got our story out a lot better. I just did an "end run" on their national newspapers located in San Jose, went out to explain really what I was going to do. I'm not saying it worked, but certainly we did finally settle many of these cases, these squatters and one or two cases.

*Q: You were there during a very embarrassing time for the United States, and that was when your Georgetown colleague, President Clinton, got himself involved with a nice little intern and there was impeachment. In the first place, this must have been just bloody embarrassing, wasn't it?*

DODD: I always describe it as both difficult and embarrassing, but then again, in Latin American countries historically they're culturally macho. Culture says, well, men are about those kind of activities all the time. I think what puzzled them the most was how the press in the United States could get so interested in the private life of a person, and they treated it at that level: what's going on up there and why is it creating so much interest and attention when a matter of that kind is not in Costa Rica. Then on another level, yes, when you talked to people, they, of course, wanted to know how and why the President of the United States would get involved in this kind of activity. It obviously affected and had a great impact on his moral suasion here as the chief executive. So I had to deal with those on two levels. The government was not interested or concerned about it. They simply said that's usually the business of most men anyway worldwide, so why are you so worried about it in your press and public? But on another level, if you talked to people, yes, they were concerned about it.

*Q: But even beyond that there's the impeachment. Looking back on it, it's really amazing that the damn thing even got going.*

DODD: Then, again, two levels on that I had to deal with. The impeachment process for most Costa Ricans, government and public and private sectors, was, "Why would you get into an impeachment process over the moral or personal conduct of an individual, President of the United States or otherwise." But second, they did discuss editorially in the press, radio and television that our Constitution can work and function; that is, there is a process of both Congress' inquiry and the President's right to defend himself if he has to with his partisans, lawyers and members of Congress. So they saw institutionally a process that was set into motion without violence, not coup d'états and the like.

*Q: How about with communications? You know, much has been made about how people in Washington can pick up the phone and the Internet and all that. Did you find as the ambassador this became a problem to be either bypassed or to people beating down your shoulder?*

DODD: I describe it basically during my four years there, the opening and the burgeoning of diplomacy. Non-governmental organizations, environmentalists for example - there are so many - business sectors all conduct their mutual interests outside of the operations of the United States embassy. In other words, for a U.S. ambassador today in Costa Rica the conduct of diplomacy is multifaceted. It's commercial diplomacy, it's environmental diplomacy, and it is something that simply broadens, widens and deepens, of course, the issues that you have to contend with as a chief of mission. It's no longer your despatches or maybe e-mail alone to the Department of State reporting politically on what's going on. But now you have to keep your eye on the new channels of communication between government agencies and non-governmental groups. So the job has become not impossible, it's just become more complex, and you have to be infinitely more attuned to and careful and aware of what the trends are in the relations growing out of the communications revolution.

*Q: One of the things that happens with other governmental agencies is they tend to go towards regional places, and one always discovers that the most pleasant capitals in an area seem to attract them. They don't go to where maybe their problems are but where the living's easy. I*

*would think that San Jose would have meant that you ended up with quite a few centers of American governmental activity.*

DODD: I did, but I also have to add another element: the schools are good, your children are safer, your spouses, husbands or wives, can walk the streets and feel more secure. Yes, the quality of your life is good. But in no way did the attraction of San Jose to U.S. citizens and other departments or agencies of the United States detract from their constant travel to other countries from the base of a true democracy and stable South. For example, my agricultural attaches were some of the most outstanding people I ever met. They not only educated me on the importance of products and protecting them for the United States but also here on the trends in Central American economic integration and problems. If my agricultural attache, he called me on the phone and said, "Mr. Ambassador, I've got a rice problem," I usually had him upstairs to my office faster than sound could travel, because a rice issue or potato crop problem in the United States, that is, exporters from our country who couldn't get into Costa Rica while potatoes rotted at the port, it could hurt other bilateral relations.

*Q: What were the major exports and imports of Costa Rica?*

DODD: Basically, as I mentioned here, there are two sectors: the high tech from Intel, Abbott Laboratories, gave but bananas and coffee still remain a major export. Coffee reaches selected markets in the United States, so do non-traditional agricultural products, canned foods, for example. So the Costa Ricans were always looking for that niche in the United States market. Our exports to that area ran from onions, rice, potatoes, so we also exported agricultural products, not simply high-tech industry. I had to deal basically in several areas with high tariffs and an interesting cap that Costa Ricans placed on the importation of many of our agricultural products, allowing Costa Rican producers to have preferential treatment in the domestic market. So I was always waiting for the cap to hit Costa Rican production and consumption to allow United States exports in. But the biggest issue that I faced in dealing with imports/exports basically was the Caribbean Basin Initiative of the Caribbean countries and Central America to allow Costa Rican textiles into the United States in December of last year. Finally the Caribbean Basin Initiative in Congress was approved so that in several areas, specifically textiles, Costa Rica could export to the United States using U.S. woolen products but allowing, as I say, the production of textiles in Costa Rica to be exported to the U.S. market.

*Q: Did you get involved at all in the banana war that was going on?*

DODD: Yes, I did. The banana war basically was to allow U.S. companies like Dole and Chiquita in Costa Rica to get into the European Community market. The European Community, European Union, gave preferential treatment to former British, French colonies, states, in the Caribbean to the European market over Latin American exporters, like Costa Rica and Ecuador obviously banana exporters in Costa Rica were excluded from the European market. It was a constant issue and battle, and we, of course, pressed changes. Ultimately the World Trade Organization was going to review that; they were going to review it this year, 2001. Some opening had finally been provided to allow a quota system to begin at some time, I think, 2002, if I'm not mistaken.

*Q: What about Cuba? How did our policy with Cuba play?*

DODD: Basically the Costa Ricans were, as I would describe it, watchful waiting. I was constantly queried by the Foreign Minister and other cabinet officers as to when United States policy would change with respect to the embargo. Of course, I didn't know. Costa Rica is one of the few countries in Latin American that does not have diplomatic relations with Cuba. They have a commercial representative in Havana now, a consul there to handle commercial affairs. So what Costa Ricans are doing basically is watching the United States carefully to see for any changes. They don't want to be left alone in the Western Hemisphere as the only country that does not have diplomatic relations with Cuba. There were some cases, yes, of Cuban refugees coming to Costa Rica, seeking exile. On several occasions we helped the Costa Ricans get them settled in. In fact, there's a network of Cuban exiles in Costa Rica that generally have made their settlement easy and comfortable, so that there aren't major waves difficulties like the Mariel exodus, for example. Nothing approaches that in Costa Rica. So I've described it as watchful waiting. They along with the United States are the only countries in the Hemisphere that do not have relations - I'm not sure about Argentina, but in any case the only one in Central America.

*Q: It wasn't one of these things that people would twit you on all the time?*

DODD: All the time. Basically, how long will the embargo endure? When are you going to change this policy? I had to do a lot of education explaining basically that foreign policy is the projection of domestic interests, that essentially the Cuban-American community, with Senator Helms and the Republicans in control of the Congress, there could be no change. Yet Republicans from Iowa and Kansas, concerned about their agricultural exports, wanted an opening. But during my tenure basically Costa Ricans were essentially asking me, "When will this change? Give us the inside track when it happens." I said, "It's an open, contentious domestic debate."

*Q: Was the Catholic Church the predominant church there?*

DODD: The Catholic Church is the predominant church although there are large and substantial and growing evangelical Christian groups - it's substantial, Stu - not only in Costa Rica but throughout Central America.

*Q: And actually in Latin America.*

DODD: In Latin America in general, absolutely, in South America. The Catholic Church in Costa Rica is strong. It's not just in its educational system and parochial schools but even in the public school area. For example, in most of your public schools you'll see crucifixes on the wall. Catholic religious holidays are celebrated by the public school. The papal representative, the representative of the Pope, is the dean of the diplomatic corps, but I understand in most Latin American countries the dean of the diplomatic corps is always the apostolic delegate. There may be exceptions; I'm certain Cuba would be one, and there may be others. But the Catholic Church has a very, very significant role in Costa Rica; there's not question about it. It's a voice on social issues, economic issues. The Archbishop, Arieta, speaks out all the time and will criticize the government on social issues. The Catholic Church has had a good record in Costa Rica. It's

always been essentially a pioneer in the areas of focusing attention on the need for social justice and economic reform. This goes back to the 1930s, and there are several very significant prelates who were right in the forefront of the Christian Democratic Party, all coming out of Rerum Novarum of the 1930s. Some of the significant labor legislation in Costa Rica began in the 1940s under Rafael Calderon, who was a Christian Democrat. So, again, the Church has had a good record on those issues. It has not been identified as an ally of the rich, the landed coffee barons.

*Q: How about with all these missionaries, particularly the evangelical ones and Bible society groups and all that? Were they kind of doing their thing, or did you have problems?*

DODD: No, we did not have problems. They all functioned very well and actively all over the country. What these evangelical groups do - and I think it made them attractive - is that they deal basically with community needs, economic needs. These evangelical groups will open up a hospital or a clinic or build a school, and this is precisely what these communities need. The evangelicals have. The evangelicals have given structure to communities that have not received help and assistance from the government or directly from the Catholic Church. There's another element. I always used to point out to colleagues. Evangelicals give great emphasis on the Bible and reading the Bible and making it germane and pertinent to what they have to do. In the more extreme cases, of course, in Nicaragua and El Salvador the evangelical groups were associated with people who were politically active in defending their barrios against Somozas and others. In Costa Rica they deal more with community work, and this obviously makes it very appealing.

*Q: How about Americans coming down, being this sort of island of tranquility? Were you having Americans coming down and taking a modest pension and turning it into living nicely there?*

DODD: Yes. Again, my estimates are risky. We don't have any figures on the number of U.S. citizens there, but it may run to 35,000 Americans.

*Q: That's significant.*

DODD: That is significant. Many of them, a substantial number of them, have retired here, come down with pensions, started up businesses, small businesses, and have been very successful at it. The American Chamber of Commerce - it's called the American-Costa Rican Chamber of Commerce - that our pensioners, *cum* business people, have brought in Costa Rican counterparts in joint ventures. I would say that the American community retired there, works there, lives there, retired there are very, very active in local government. I used to travel around and bring my consular officers with me to see them, an American association in different parts of the country, because they know a lot of what's going on in the community. They are involved in the development of several communities in Costa Rica.

*Q: A question I forgot to ask: With the drug traffic, was drug corruption, which is the real poison of this whole thing - with people getting addicted to drugs, it's a tragedy, but almost greater is the power of money that corrupts things - was this showing its head?*

DODD: No, it did not. We simply did not have a problem of drug barons appearing in Costa Rica. The problem in Costa Rica was transit, getting it to the bigger and more lucrative markets north,



Guatemala, Mexico and, of course, the United States; and second, it was the growing domestic consumption in Costa Rica. Now you're looking down a road. I don't know, we don't know, the answer to that, whether it will create a culture of drug barons, but certainly not in Costa Rica. Corruption in Costa Rica was minimal and low, low level but not in any case alarming. Although through our public diplomacy, public affairs section, we worked hard with the judiciary in anti-corruption efforts, at least creating safeguards to prevent this kind of thing, such as money laundering. While I suspect it was going on, it was an area that the embassy was just beginning to look at with the Treasury Department, for example.

*Q: You mentioned when you arrived that Costa Rica was on the Security Council. I'm told this is the equivalent to an earthquake, and what you want to do if you're in a small country, for God's sake, keep them off the Security Council - talking about for the ambassadors.*

DODD: Oh, there's no question: I was a very busy person the first year I was there. As you can well imagine, every issue that came up on the U.N., whatever it was, sanctions against Iraq, yes. I lost count of the number of demarches I had to get down to the Foreign Ministry. Frankly, I was delighted when they got off and got back down to local business. Then I could obviously deal more comfortably with our bilateral issues.

But your question points something out that's really very significant, Stu, and that is that a country like Costa Rica, a small country, today in the world of multipower-centered interest, small countries can turn us down and turn us aside and say, "We'll go elsewhere." In other words, if Costa Rica turned me down or said they were not going to support us on a vote, in the Security Council, for example, I couldn't threaten reprisals. Because a country like Costa Rica has access to many different resources today for financial help and support. But the point is you can't take even the smallest country in the world today for granted. The Cold War is over. They don't need us as much as they did before.

*Q: One of the great movements going on today is - I don't know what you want to call it - multinationalism. We're having protests in the streets about international market and all that. From the point of view of the Costa Ricans, what was their feeling towards this?*

DODD: Well, I'll tell you: a mix, and I should say at different levels. An effort on the part of the present government, Miguel Angel Rodriguez Echeverria, to create concessions, another word for privatization of the telecommunications industry, was approved by the National Assembly. But as soon as the provisions of that privatization of the telecommunications was proposed and made public, street demonstrations occurred, not riots but demonstrations, and the bill was withdrawn. My point is that efforts to privatize the state-owned, state-managed entities and make them competitive worldwide has created immediate negative reactions in Costa Rica. But at the same time for the educated of Costa Rica, if you talk to most people, they see the need for updating, modernizing their telecommunications industry. The whole gamut of government operations have to become competitive, and to do so they've got to be placed in the arena of competitive free markets. But again, like all good politicians, the leaders of the National Liberation Party, the center left party, have been a bit cautious because their constituency, a working class, are more critical of privatization and more cautious in their approach to opening their markets to a global free market system. So, interesting, a small country, politically stable,

socially stable, has tried to deal with the fissures that have emerged in their society as the country edges into a global market. It's small; it can't compete in most of its exports, bananas, coffee, and so forth, so it's got to move cautiously and very carefully. It's not easy to simply say, "Come in and buy whatever you want or sell whatever you want," because obviously it's affected deeply and very quickly by world price changes.

*Q: Is it a member of the World Trade Organization?*

DODD: Yes.

*Q: But does that make a difference...?*

DODD: Not really, because simply the WTO, the World Trade Organization, is only just beginning to function. What Costa Rica has really preferred to do is to deal with the United States directly on these issues of finding a niche in the United States market - put very directly, to try to get into NAFTA or to become really the beneficiary of Mexico's membership in NAFTA. So Costa Rica is doing this: it's negotiating and concluding free trade agreements, bilateral free trade agreements, with Mexico, Chile, the Dominican Republic. It is trying to get into the world market by selecting countries they can be reasonably assured of, that their exports will sell and sell competitively but at a good price.

*Q: We mentioned at the end of the last interview about your spouse. You said, "Let's talk about that in Costa Rica." We're interested here in how people in American foreign affairs work as a team, and they often do.*

DODD: Yes, and we did. Molly basically had been teaching school, high school, students for several years here in the District of Columbia in an area called social justice and had a regular program for bringing her students into the District of Columbia, into the soup kitchens, homeless shelters, dealt with street children. I said to her before we got down there, "Is this something that you would be interested in doing, working with charitable organizations, state or private, in Costa Rica?" and she did, working very closely with many different organizations, both state and private, in Costa Rica dealing with intercity youngsters, specifically youngsters. That was her major project. In so doing, she organized, was able to organize successfully, programs for several orphanages for young girls, mostly abused children. This was her major work, and on a volunteer basis she got a great deal of help from people in the U.S. embassy, but also Costa Rican people helped her in this area. She worked on social justice issues as she did at home, and I think she was immensely successful. Molly arrived speaking no Spanish. She had a working knowledge of the language and worked at it. I think, like so many experiences you have, the very fact that she showed an interest and took classes and tried to use the language, that was flattering and I think it conveyed the impression that, if you're learning a language, you must be interested in the culture you're living in at the time. She was immensely successful, I think for that reason.

*Q: In the Latin American context, what about voluntary organizations? These are the guts of the American system. We all use volunteers, including in our program right here; we have a volunteer corps and all this. What about what you were seeing in Latin America, obviously in Costa Rica but other places?*

DODD: Volunteerism is simply not a popular way in which communities, local and national, play a role in these countries. Traditionally it has never been that way. The state welfare system really dominated the area of dealing with problems laid outside basically what would be called the private sector initiative. It is changing somewhat, but my wife found it particularly difficult to organize Costa Ricans in the area of providing time, money, whatever assistance unless these Costa Ricans had lived or worked or studied in the United States. So what she did basically was shift in the direction of getting help from Costa Rican citizens who had not necessarily been volunteers in the United States but at least were familiar with it. But overall, to answer your question, no, volunteer organizations are not prevalent, and I don't see any sign of it changing except maybe what influence we may have on Costa Ricans who come here to live and work and do go back home and say, "Yes, this is important. In lieu of government assistance, we have to do something." But I can't say honestly that I saw any significant change in this area in Costa Rica other than basically the initiative of private individuals like my wife.

*Q: What was your impression of the Costa Rican diplomatic service, particularly their representation in Washington? Do you feel there was a good communications channel between the foreign ministry and the embassy? What was going on?*

DODD: I would describe it unqualifyingly: the Costa Rican foreign ministry deals with Washington and the embassy there in a very open and effective way. I preferred working with the Costa Rican foreign service professionals. During the President Rodriguez administration his foreign minister, Roberto Rojas, who was a businessman, has made a special effort in recruiting, training, and creating really a professional foreign service there, and only during my time did this happen, or at least any noticeable development in that area. Number two, I also learned - and I noticed that this was a major change - that the Costa Rican embassy here in Washington, whether represented by a professional ambassador or a political appointee, certainly knows how to operate in Washington, and maybe a little better than its neighbors - I can't make a judgment there. For example, the Costa Rican embassy during my four years always worked very closely with the U.S. Congress, sometimes to our annoyance. Because the Costa Rican embassy would invite members of the U.S. House of Representative to Costa Rica and we didn't know about it. The Department of State didn't know about it. And it was very annoying, I can assure you, to run into a Congressman walking around Costa Rica in a souvenir shop. He was down there not just to play golf but on business, to learn more about the drug war, interdiction, or to look at a land expropriation case. Those were matters that were my responsibility. I should have known about it. So I'm revealing here a complaint that they were very good at it. But sometimes I think they stepped over the line. Of course, I had to know, the embassy had to know, if a member of Congress went to Costa Rica on a matter that we were dealing with - if it was to go down to play golf, that was their business, which they did do. The Costa Rican embassy is very good at that. They get their message out, and they didn't wait for the U.S. embassy down there to help them, and sometimes our messages were at cross-purposes. In so doing, as I say, there were sticky times, but I guess you might say they're just getting better at what they do. You can't blame them. That's what the ambassador's job is up here, just to get his message out, but it sometimes gave me heartaches.

*Q: Let me ask this. You had leader grants and all that. Did you inform the Costa Rican embassy?*

DODD: Yes, as a matter of fact, we did. I know it works both ways. We worked very carefully with them. But I must say too that the staff here, the DCM, whose name I forget now at the moment, were very good people and I worked very well with them. They were first class, as a matter of fact.

*Q: Both at the university and often in the foreign ministries in Latin America - we've talked about this before - if you're going to be an anti-American, be a Marxist. You get it at the university, and those that don't become captives immediately on graduation end up in the foreign ministry; and it's carrying out a sort of residual anti-Americanism. Did you find any of that?*

DODD: I honestly didn't. Most of the anti-Americanism I found - as you say, residual - I always described as more historic. I was always reminded that William Walker invaded Nicaragua and Costa Rica. Well, I can live with that. In other words, as an ambassador there I didn't run into any opposition to United States' policies except maybe the privatization, the competitive global market, but I said that's not a product of our doing. This is what's happened in the world. So very honestly I felt going out to the universities - and I did a lot - I said, "What are your complaints?" I sometimes had to go look for them. That was one of them, as I say, the competitive world market, but I said, "I can't control that." The U.S. government can't control that. It's the world today. But I was, of course, reminded of U.S. intervention in the Dominican Republic and Panama, and I said it was Cold War diplomacy. I said, "Yes, we made mistakes. We intervened and then we forgot about you. It was a mistake. We should have had a more consistent kind of relationship with you." I said, "I think that was a fault," and I was very open about it and willing to discuss it. But I also said that much of our foreign policy over the years was a product of domestic pressure groups. We weren't always of one mind in things that we did in Latin America or didn't do, but I also sometimes was pointed in my references to the fact that Latin Americans have got to do more too to give direction and purposes to what it wants and it's got to make sacrifices and not wait for what we do all the time and then react to it. But honestly, Stu, I think in retrospect being an academician really gave me a distinct advantage in these two posts, because academicians in Latin America "go to the head of the line." They just do, whether you're a Foreign Service representative or a business person, whatever. If you have academic credentials and you've been a teacher, you have some credibility.

*Q: You did find though in Uruguay, if I recall, you had problems with the university...*

DODD: I didn't get into the national public university. I was told simply not to go.

*Q: But in Costa Rica...?*

DODD: I went to the University of Costa Rica, the Universite Nacionale, maybe two or three times a month. I gave a lecture, or there was always something out there to do or go to, or maybe I had the president of the university at the residence for lunch and we had different projects.

*Q: So it was a completely different atmosphere?*

DODD: Entirely different.

*Q: I take it then there wasn't this residual Marxist...*

DODD: There was some but...

*Q: You hope for that.*

DODD: Sure, you want some criticism, of course, you do, debate, discussion - it's fun - but not this contentious, confrontational thing. I didn't want to go out to the university in Uruguay and create a riot for something that we had done 25 years ago. It just was not necessary. I didn't need that; the embassy didn't need that. There's one area - if I may just take the initiative - I haven't discussed with you, and that's environmental diplomacy in Costa Rica. It's a major subject, and I'd hate to let it go by. When I became chief of mission in Costa Rica in '97, the Department of State created what we called environmental hubs. There were, I think six or seven worldwide. The U.S. embassy in Costa Rica was the hub for Latin America. I think subsequently now another one has been created in Brazil - I'm not certain. But it was a major, major opening dealing with environmental issues in Costa Rica, which is of paramount interest to them. I've described it here as environmental diplomacy. We had to work at the international level with Costa Ricans on environmental issues, global warming, carbon dioxide emissions and so on. I just want to reflect on several of these things. We dealt with environmental issues in Costa Rica and the hub - dealt with Central American and the Caribbean - as much for self-interest, enlightened self-interest. For example, fires in Guatemala and Belize affect the crop growers in Florida, Louisiana and Mississippi. My point is to protect U.S. industry through better environmental conditions abroad. Pollution over fishing in the Caribbean off the Central American coast in Central American waters affected U.S. fishing interests in coastal states like Florida and Louisiana. In other words, I looked at environmental issues as much for U.S. interests as I did for Costa Rican interests. We helped them mostly working with non-governmental organizations. So infertile fields, polluted areas, river streams create pressures for Central Americans to come to the United States. In other words, if working conditions or economic conditions aren't good, they're going to leave and create pressures here. It's enlightened self interest basically, what we touched on on a very important issue with Costa Ricans, because we dealt with environmental issues globally, regionally - in other words, Central America and the Caribbean - and directly with Costa Rica. The embassy set up seminars every month at the residence. We invited representatives of environmental organizations in Costa Rica, sometimes the rest of Central America, to simply discuss amongst themselves some of the key environmental issues. I didn't go in with a blueprint to tell Costa Ricans how to deal with environmental issues, but when the opportunity came, of course, we explained what our position was on an issue or maybe how we could be helpful on an issue. But it was basically to create a forum to get environmental groups within Costa Rica, Central America and the Caribbean to meet and talk and to discuss these issues. It was truly one of the most interesting parts of my assignment there. I spent a quarter to half my time on it, along with drug issues. The Biodiversity Institute dealt with the environment. The pharmaceutical companies in the United States like Abbott Laboratories looked at plant life for future work on medicines, drugs for health purposes. It was a fascinating part of my job. Larry Gumbiner was the hub environmental officer there, the first one there, a splendid human being. He did a first-rate job and had a great staff. Thinking back now, it was one of the most interesting parts of my assignment.

*Q: Let's look at Costa Rica. What were they doing in this regard?*

DODD: Basically in this area they created essentially one of the most developed, highly sophisticated national park systems in the Western Hemisphere (maybe the world). They claim - and I think the percentage is fairly accurate - about 26 percent of their land mass, which is about the size of West Virginia, is in national parks. They were especially interested in preserving those parks and extending the number of national parks by working with neighbors in creating what is called a meso-American corridor, that runs through Central America, to create not just park lands but to protect the flora and fauna that can be so valuable, absorbing carbon dioxide emissions. So the country was really at the forefront, I would say, in Central America and the Caribbean.

*Q: What about industries they already had? Were they pretty good about pollution controls?*

DODD: Yes, fairly good, certainly not vehicular emissions in Costa Rica. they were working on that when I left. But with certain U.S. companies like Intel, Abbott Laboratories, Proctor & Gamble, any one of the U.S. corporations who come to Costa Rica, environmental issues are uppermost in their planning. Then taking it on a regional but a global level, the Under Secretary of State for Global Affairs, Timothy Wirth, played a very important role in helping me get these issues here right on the forefront, taking Costa Rica as a model on environmental and global affairs.

*Q: How did Costa Rica deal with the Nicaraguan government and the Panamanian government?*

DODD: Let me take each one. The Costa Rican-Nicaraguan relations were contentious on several levels. I mentioned one just a while ago, the Nicaraguan refugee issue. Costa Rican-Nicaraguan relations deteriorated, not to the point where ambassadors were recalled. The San Juan River, which is the boundary between the northern boundary for Costa Rica and the southern boundary for Nicaragua, became a major bone of contention. The San Juan River is under the sovereignty of Nicaragua. It is not a river at a certain point which divides the boundaries of these two countries. Costa Rica wants to allow its security forces to patrol the rivers. Nicaragua has respected this.

*Q: That's sort of like the Potomac, which the District has up to the Virginia shoreline...*

DODD: And this is correct in the sense with Nicaragua.

*Q: It's a pain in the ass.*

DODD: It's just a nuisance, because what happened was during my time [was that] Costa Rican national security forces needed to use the river to visit Costa Rican towns along the estuary and, in so doing, on several occasions the Nicaraguan security forces stopped the Costa Ricans from using the river. Under the Treaty of 1888, Nicaragua was recognized as having sovereignty over the river but subsequently had given Costa Rica the right to use the river for security purposes. So it became very, very, very contentious. And a debt issue also was on the agenda here, the

Nicaraguan debt to Costa Rica ran somewhere about 300 to 400 million dollars. The Costa Ricans wanted that paid off. But the Nicaraguans wanted debt forgiveness and so forth. Relations were not good, but not to the breaking point.

*Q: Was it sort of a personality thing, too?*

DODD: As a matter of fact, the Foreign Minister of Costa Rica, Roberto Rojas, was a very good friend of the Nicaraguan Foreign Minister. On the contrary, Lino Gutierrez, who is now a deputy assistant secretary of state, knows that area better than I do. When I was brooding over this conflict, said, "Tom, stop worrying about it. Central Americans know each better than you or I will ever understand them," and I think he was right. So they knew each other. They may not have gotten along all the time, but they could talk to each other a lot better and more effectively than I could. But relations were not good. They were testy but not at the breaking point. Then looking south, relations with Panama were good. But I always explained that there were really no issues, border issues, that were irritants. Panama's relations usually run east and west, of course, with Washington but not contentious with Nicaragua, except the drug issue, but not contentious. We always were trying to find ways to cooperate with the Panamanians on drug issues in the overland transit route.

*Q: Did Costa Rica get any benefit by being on both coasts, the Pacific-Caribbean thing, or not? Does it make much of a difference?*

DODD: There are several things, I suppose, you could raise. The east coast of Costa Rica is black; it's African Costa Rica, and these people are of West Indian origin. They came there to build the Panama railroad and settled there, but also they helped build Costa Rican railroad too, in the late 19th century. Their connection is to the Caribbean, black Caribbean, and to some extent the United States. But that area of the east coast needs economic development. Limón is the major port for imports and exports to Costa Rica, but only on the planning stage have efforts been made to build a port. It's a major tourist attraction. At least that's where the tourist boats go to. On the west coast, the Marriott Corporation, for example has a resort on the west coast. There are several new hotels opening up along there for U.S. tourists, moved from Mexico, high crime, costs, have moved now to the Costa Rican west coast. So in that sense, yes, you might talk about the east and west coast with advantages but more with different characteristics and looking in different directions. To talk about the west coast and Asian trade, no, that would be pushing the issue, that's not a factor; or east coast trade, the Afro Costa Rican with the West Indies, no, that's pushing the issue, because tourism and commercial interests are tied to the United States.

*Q: Does Mexico play any role in this area, the colossus to the near north?*

DODD: Mexico plays a major role in Central America, it has historically. But very specifically during my tenure, Mexico played a major role: Taking the cultural assumptions that, of course, Mexico has with the area, language and the Indo-American culture, but Mexico being a member of NAFTA is Central America's hope for getting into free trade agreements or maybe getting into NAFTA so countries like Costa Rica and what is called the northern tier of Central America, Guatemala, Honduras, and El Salvador, have signed free trade agreements with Mexico. Mexico is sometimes referred to as the colossus of the north but more now in the context of being really

the friendly neighbor that may open the possibility of getting access to the North American Free Trade Agreement. But Mexico matters. The Mexican ambassador in Costa Rica is a major player in diplomatic circles, much more so, for example, than the Brazilian or the Argentinean or Chilean diplomats.

*Q: Is there anything we haven't covered?*

DODD: I mentioned the environmental issues because I wanted to get that up-front for you, because not to talk about 25 percent of my work there would be a gross omission on my part. But I would say really the area of foreign policy that was of great interest to us was the issue of human rights. Costa Rica was always the mediator, the arbiter of international disputes. With no armed forces it's posed some problems, as I mentioned, in the ship rider agreement. But the biggest challenge really for me and the embassy was to help Costa Rica redefine the word 'security' and to help Costa Rica modernize its security forces. Sixty percent of the police consisted of political appointees. You have to professionalize this institution with better pay and training. We were trying to work with them in modernizing their state structure. I'm not saying we're pushing them to overturn policies dealing with the role of the state in the society but trying to help bring them up to the 21st century on security issues, redefining security issues. It's not the Soviet Union anymore; it's drug consumption and it's street crime. These are the things that are of concern to them and to us. Domestic issues in Costa Rica and the U.S., like so much in the Western Hemisphere, are converging. We all have the same problems.

*Q: Then you left, as ambassadors do, after four years.*

DODD: Yes.

*Q: A good four years?*

DODD: They were truly, I think, the best years of my life. As I mentioned several weeks ago in my interview with you, when one of my students said, "Why doesn't he put his money where his mouth is?" I felt that I had done something that I was somewhat hesitant to do eight years ago, but I found that I could do it. I worked with some wonderful career people, and we got some things done. I put teaching Latin American history to the test!

*Q: Great. Well, I think we'll stop at this point.*

*End of reader*