PERU

COUNTRY READER
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JOHN F. MELBY
Peru/Ecuador Desk Officer
Washington, DC (1941-1943)

John F. Melby was born in Portland, Oregon, July 1, 1913. He did his graduate work at the University of Chicago in International Relations. He took the Foreign Service Exam in 1937. He was a member of the first class of the Foreign Service. He served overseas in Mexico City, Caracas, Moscow, and China. In 1953, he was dismissed from the Foreign Service because of an affair he had with Lillian Hellman, an alleged communist. He taught at the University of Pennsylvania and then at the University of Guelph. He retired in 1978. He died in Ontario on December 18, 1992. He was interviewed by Charles Stuart Kennedy in 1989.

MELBY: And after that, I was married by this time, my wife came back to El Paso -- she was an El Paso girl -- for the birth of our second child. So I followed a little later. When I got to Washington, I wanted an assignment in the Department, and I conned my way into being assigned to the American Republics Division. I was put on the Peru-Ecuador desk. And I was there, on that desk, for two years.

Q: *What was our interest in Peru and Ecuador? This was when?*

MELBY: This was July, 1941. And I was there two years.

The interest was not planned, believe me, but I still remember -- my wife had not joined me in Washington at this point, I still had an apartment there before she came -- I'd been out to dinner with some friends, on the evening of July Fourth. And when I got back to my apartment, I turned on the radio. There was an announcement that Peruvian forces had invaded the Ecuadoran province of El Oro and just wiped it off the map, pretty much. Not that there was anything there, because there wasn't, not much. But it was all the people there had. I figured the next morning I'd better get to the office early, which I did. And when I walked into my office, the phone was ringing, and Sumner Welles was on the phone. And he said, "John, you've heard the news?"

"Yes, sir."

"Well, stop that war!" and he slammed the phone down. [Laughter] And that's what I did for two years, was stop that war.

Q: *You're a relatively junior officer in the United States Department of State, and there's a war between Ecuador and Peru. And you're ordered to stop the war. May I ask the question: how does one go about this?*

MELBY: Well, it would take all night to tell you that. It's a question of getting the Peruvians to stop it. And buying off the Ecuadorans. Arranging for concessions to them. It was a very complicated problem, actually.

Q: *But you took this seriously* --

MELBY: Darn right. Welles wasn't kidding. He meant do whatever had to be done to stop the hostilities.

Q: *And you were able to contact our embassies and try to work out -- I mean, we were playing the good neighbor in trying to stop two of our other neighbors from ripping the hell out of each other.*

MELBY: And I worked with the Ecuadoran and Peruvian embassies in Washington.

Q: *And you were involved in that rather famous boundary commission that came along and drew a line that kept --*

MELBY: I set it up.

Q: *Because I've interviewed other ambassadors who always had trouble with that thing.*

MELBY: Of course it turned out it went on forever.

Q: *Yes. We're talking about up into the '60s, anyway.*

MELBY: When I was on it, I was involved in the first one and we had the first aerial survey done of that boundary. Because nobody knew where the boundary was. And I had to arrange with the Pentagon to get the American Air Force to go down there. The men who were involved, actually, ended up in the long run being good friends of mine. Paul Cullen was in command of them. And they photographed the whole boundary. The argument on the thing went on for years after that.

Q: *I wanted to concentrate on another aspect of your career, but this is really a solid example of a time when the United States got involved in something and at least stopped the fighting. Maybe there's no final solution to something like this, but at least you found a way to stop the fighting.*

MELBY: And there's never been any fighting since. That one attack in 1941 was the last actual hostilities that have ever taken place.

{Note: Hostilities have broken out twice in the 1990's, after this interview took place}

Q: *Every once in a while, I think Ecuadorans come up and throw stones at our embassy because of that. Other than that, I think that's the major hostility.*

MELBY: See, part of the settlement had to be that Peru wanted half of Ecuador's territory, the Amazonian part of it. This is what Welles had to deal with at the Rio conference in 1942, was to con the President of Ecuador into agreeing to this, of giving up half of his territory. Because Peru had the support of Brazil, Argentina, and Chile. And the blackmail that Manuel Prado [y Ugarteche], the president of Peru, was pulling on us was that if we didn't somehow force the president of Ecuador to agree to those terms, that Prado would keep Peru out of joining us in the war effort. And he would keep Brazil and Argentina out as well.

So Welles just had to take the president of Ecuador aside at Rio and say, "Look, this is the terms. You've got to do it. This is your contribution to prosecution of the war against Germany."

And the president said, "Mr. Welles, you know you're asking me to commit political suicide."

Mr. Welles said, "I know. And I'm still asking."

The president agreed, "All right, I'll do it." And that's the way Peru got the additional part of the Ecuadoran Amazon. And they thought there was oil there, which, actually, there was, as it turned out. But even Ecuador has some oil now, too. Ecuador has lived on that oil.

DOROTHY JESTER
Foreign Service Clerk
Lima (1942-1945)

Dorothy Jester was born in 1914 in Mesa, Arizona and majored in Spanish at Stanford University. She was posted in Lima, Mexico City, Munich, Mexicali, Bonn, Santiago, and Santo Domingo. Ms. Jester was interviewed in 1998 by Laurin Askew.

JESTER: So I turned the tenure down, and just by great fortunate coincidence, almost the same day, I received a letter from a friend in the Education Department at Stanford telling me that some Stanford people who were running the American School in Quito, Ecuador, were looking for teachers. Was I interested? I was, and I went to Quito and taught fourth grade for a year. If I had stayed a second year I could have had my way paid back to the States, but I found the 10,000 feet of altitude pretty hard to take. Luckily, at the end of the year I met an engineer from the Pan American Sanitary Bureau. He told me the Bureau was opening an office in Lima, Peru, asked me a few questions about my background and whether I could take shorthand. When I said I could but didn't claim to be fast, he said I could have a job if I wanted it. It was the answer to my prayers!

Q: Well, you said you taught Spanish. Did you start learning Spanish in E1 Paso?

JESTER: I learned a lot of Spanish listening to my bi-lingual mother, who had been raised in Mexico. When I got to high school and took Spanish my teachers seemed pleased with my accent. So I decided to major in Spanish and teach it in high school.

Q: So already by the time you hit Quito, you were perfectly at home with Spanish.

JESTER: I was fluent, and it helped too with the job in Lima. There I lived with girls who worked in the American embassy. Through them I met other embassy personnel, even attended some embassy parties. I decided early on that when I got back to the United States I would apply for an embassy job. It was January 1945 before I returned.

Q: 1945?

JESTER: Yes, the war was still on. As I had promised myself, the first thing I did was apply to the Department of State. While I waited for an answer, I took a job with an export company in Los Angeles. Sometime in late summer a college friend called and invited me to ride with her across the United States to Fort Bragg, North Carolina, to pick up her husband, now back from overseas.

From Fort Bragg, I took the train up to Washington. Checking in at the State Department, I was told that there was no money for new hirings. However, I was encouraged to stick around because the situation could change. So I got myself a job in the press section of the Pan American Union. Four months later, in January, I was called by State with the news that there was a new appropriation from Congress to reopen the consulates in West Germany. In February 1946, I left for Munich.

Q: Can you tell me what year you started in Quito?

JESTER: It was 1941. I was there when Pearl Harbor was attacked. I remember breaking into tears over the news. I was away from my country when it was in trouble, and I could do nothing.

Q: Then Lima.

JESTER: Yes, I was in Lima from 1942 until January, 1945.

CLARENCE A. BOONSTRA
Agriculture Officer
Lima (1947-1948)

Clarence Boonstra was born in Michigan and was educated at Michigan State University and Louisiana State University. He entered the Foreign Service in 1943. His career included agricultural posts in Havana, Manila, Lima, Buenos Aires and Rio de Janeiro and he was named Ambassador to Costa Rica in 1967. He was interviewed by W. Garth Thorburn and James E. Ross in 2006.

BOONSTRA: So I came back to Washington and I was supposed to go to Turkey, but something had happened there, and so I ended up in Peru, and in Peru, again, got into all sorts of problems. They had a very bad ambassador at that time, a fellow named Prentice Cooper. When I arrived there, he told me that an agricultural attaché, that the only use he had for an agricultural attaché, he said in Peru – he said he didn't like Jack Haggerty, who had been my predecessor, and Haggerty didn't like him either.

Anyway, he told me that Haggerty wouldn't take care of his garden, and so my chief job as agricultural attaché in the embassy was to restore his garden and to improve the lawn. I got in bad right away because I said, "I may know a little bit about agriculture, but I know nothing about lawns." My home in Michigan, we had very little lawn. We had orchards around it.

So I ended up in Peru, but then we got into problems with the Rubber Development Corporation, which had bought two plantations in the Huallaga Valley. That's across the Andes, on the other side, and we had also put in a research station for rubber and cinchona during the war, called Tingo Maria. I'm sure Garth has heard about that.

But Tingo Maria, they had no director at that time, so I sort of became the acting director of Tingo Maria, trying to piece together what we should do with a research station for rubber and cinchona, which the Department of Agriculture didn't want anymore and we wanted to get rid of, and the Rubber Development Corporation had two rubber plantations that they didn't want anymore. And the Peruvian government didn't want to pay anything for them, and somebody in Washington said they had to pay to get them, so we got into an endless problem there, and I spent about a year really as sort of the acting director of Tingo Maria, which is across the mountains and made me go back and forth a lot, which was sort of good because I could get away from the ambassador that way.

The ambassador then gave me another task. There was a fellow named Richard Schultes. Have you ever heard of Dick Schultes? He was a Harvard botanist, a very famous one. He died about a month ago. He was very, very famous for tropical research. And so Dick Schultes from Harvard was doing research down there quite a bit in the same area where we had the Tingo Maria station, so I spent a lot of time with him and I learned a great deal about tropical agriculture and tropical forestry, tropical botany, traveling with him. And he used to stay with me in Tingo Maria, a very remote part of the world in that time. There was only a little jeep trail to get in there, and you had to pass at 14,000 feet between Lima and there, so it was a very, very interesting job for me, and I really liked being in Tingo Maria so I could be away from the ambassador, but I had to be away from my wife, too, who was in Lima.

So I spent about two years there, a little over two years, and it was a very interesting job. Oh, I said the ambassador gave me another assignment. He said second to taking care of his lawn, which I didn't do very well, I can assure you. St. Augustine grass just arrived at that time, so I tried planting that. It didn't work too well in Lima. Anyway, the other job he gave me, Schultes was also collecting for the Harvard bank, he was collecting these many, many strains of corn for the high Andes. You can get red corn, you can get purple corn, you can get black corn. You can get mixed color corn, all that sort of stuff, and it entranced the ambassador.

He said, "I have one other job for you. I want a collection of all these plants that I know exist in this corn and that I see in the market." So he wanted a collection of that. He also wanted a collection of tropical parrots, which I had to get for him. The other job was along the same lines, all sort of weird things like that, so I had to please this ambassador, who finally got fired.

It always amused me, though, when he got fired, we all went to the cayo, to the port, to see him off in the ship. We wanted to make sure he got on the ship. I think he was finally fired mainly for sexual assaults on his secretary, but, anyway, the only things he was carrying were some of the rare parrots that I had brought him from Kita, in the tropical forest area. So I guess I gave him his trophies. Later on, the guy straightened out after his mother died. He was a bachelor and he had sexual problems.

ROBERT W. ZIMMERMANN
Political/ Consular Officer
Lima (1947-1950)

Robert W. Zimmermann was born in Chicago and grew up in Minneapolis. He attended the University of Minnesota, majoring in economics and political science. From there he went to Harvard Business School and graduated in 1942. In 1947, after serving in the Navy during World War II, Mr. Zimmermann entered the Foreign Service. He served in Peru, Thailand, England, and Spain. Mr. Zimmermann was interviewed by Charles Stuart Kennedy in 1992.

Q: Your first assignment was to where?

ZIMMERMANN: Lima, Peru.

Q: You were there from 1947-50.

ZIMMERMANN: Right.

Q: Had you worked on Spanish?

ZIMMERMANN: My Spanish wasn't bad. After all, my wife was Spanish speaking. I had taken Spanish at university and later at the University of Mexico.

We were doing a lot of rotation in those days, and I started out in the political section. Then the inspectors came through and they said it was time to go down to the consular section, so I did. By the same token, I asked for economic work at the next post and that is why I got Bangkok.

Q: In Lima, from your vantage point, what was the political situation in Lima when you were there?

ZIMMERMANN: It was reasonably quiet at first. Bustamante was president at the time. It was, as it is today, a country of extreme financial wealth and extreme poverty. The capital, itself, was surrounded by poor little settlements and thrown together shacks and that sort of thing by the Indians who came down from the Andes, many of whom, incidentally, quickly developed TB because of the large lungs they developed in the Andes. When they came down those lungs weren't used to capacity and TB quickly developed.

That began to change as the APRA party increasingly pushed for power with Haya de la Torre at the head.

Q: This party was the A... how do you spell it?

ZIMMERMANN: APRA. It was much more to the left at that time then it is today.

While I was there we had the first revolt by the APRA party which succeeded in getting the support of a small part of the military. It was probably one of the few battles between cruisers and tanks. The cruisers didn't have enough fuel except to circle around in the middle of the harbor at Callao and the tanks were shooting at them and vice versa.

That revolt was unsuccessful but it was the occasion for Haya de la Torre to seek asylum in the Colombian Embassy where he remained for somewhere around seven years before the Peruvian government allowed him to leave.

Then things continued to be rather quiet until the Odria revolt which began at Arequipa, where all successful coups up to that time began. General Odria was successful and they threw out Bustamante.

Q: This was when you were still there?

ZIMMERMANN: Yes, we were still there.

Odria took over with a military government, obviously.

Q: How did the Embassy react to this sort of thing?

ZIMMERMANN: By that time I was in the consular section. I don't recall being too privy to what was going on. We did have staff meetings, but not very often. We had a very strange ambassador. He used to call a staff meeting and put a huge melon on his desk and tell us to look at it and just imagine what this country can really do when it tries, and that was the end of the staff meeting.

Q: This is Prentice Cooper?

ZIMMERMANN: This is Prentice Cooper.

Q: He was a political ambassador.

ZIMMERMANN: Yes, from the "Boss" Crump machines in Memphis. He was quite a character. In fact articles used to appear about him in the New York Times and Time magazine and these would be surreptitiously circulated around the entire Embassy. I must say that the esprit de corps in that Embassy, because of him, and the feeling against him, was the highest I have ever seen any where.

Q: Was it that he just wasn't doing anything or was he getting involved in the wrong things or taking wrong turns?

ZIMMERMANN: Well, he loved to be pictured in the press with opposition leader Haya de la Torre before he pulled the revolution. In fact he used to call in the PAO and ream him out in his office every morning if there wasn't a picture of him on the front page of the local newspapers.

Some people have said that if he had just gone home after the major earthquake, that happened before I got there, when he went in on mules with blankets, etc., he would have been great, but he didn't.

After that we had Harold Tittmann who was a real prince.

Q: He was a professional officer?

ZIMMERMANN: Yes he was.

Q: I realize you were down in the consular section, not exactly pulling the strings of policy, but did you get any feeling for what were our American interests there at the time?

ZIMMERMANN: My feeling at that time was that we were trying to make headway with the Peruvian military, which had not been all that friendly during World War II.

Q: I always think of them with their German helmet and goose step and that sort of thing.

ZIMMERMANN: Exactly. We had some very large military offices and missions down there working with the Peruvian military. We were also concerned, but not as concerned as we would be today, with the differences in income. To illustrate, at one point my wife and I were traveling in the north of Peru. We had been invited to spend the night at a very large sugar plantation that was owned by the extremely wealthy Gildermiester family. It was run by a young relative. I don't know if he was a son, nephew or grandson. He was a very accomplished violinist, very good looking, tall. He took us around, and the peasants would come and kneel in front of him. He had jackboots on and carried a long whip...we never saw him whip the people, but used it on the ground next to them. It was that sort of thing, not very pleasant to behold. So you did have those extremes.

We were also interested in preserving U.S. mining interests. The U.S. had major investments up at Cerro de Pasco which were sometimes a bone of contention with the Peruvian government and people.

We also did fishing off the coast, but that was long before the 200 mile argument started.

I can't think of anything else.

STANLEY I. GRAND
Press Attaché, USIS
Lima (1948-1951)

Stanley I. Grand was born in New York City on August 7, 1920. He obtained a doctorate from the University of Wisconsin and joined USIA in 1945 after a two-year tour with the Army. Mr. Grand has served in Peru, Brazil, and Argentina.

The interview with Mr. Grand was conducted in 1992 by Charles Stuart Kennedy.

GRAND: Anyway, to get back to me, I left ARA in 1948 to go out to Lima, Peru as press attaché.

Q: Going back there is just one other thing...the war is over, the State Department was gearing up to play a new role which is certainly far different from the minor role we had in the world prior to World War II, but what was your impression coming into this of how the Foreign Service or the old hands of the State Department were responding to public affairs, technical assistance, all of which were not real Foreign Service type things? Before it had been the consular work that was sort of off to one side, or political or economic reporting.

GRAND: Well, it varied. You would deal with people in the Bureau, some of whom were about my own age with similar experiences, some had been in the military, some not. Age was a factor. There were less problems with younger people. People like Hank Dearborn, Henry Hoyt. We were all about the same age and at the same level. But in addition you had to adjust to the entrenched State Department mechanism. There was a lady, Miss Lincoln, in the State Department whose function was to make sure that any dispatch or communication that went out from the Department to the field followed certain forms. You might work on something for a long time, or you might have a cable that had to get out right away, and if she didn't like the form it was in, it didn't go out. She had complete power. It was amazing. I was fortunate because she decided that I would become a good drafting officer if only I would follow certain rules, etc. I had enough sense then to realize that it would be useless to argue with this lady, so instead I cultivated her. And it was wonderful, all my stuff moved out very quickly as a consequence. But it was difficult for many new people to adjust to this sort of thing.

One of the things that anybody studying the State Department today would probably find hard to understand, was the tremendous power that the desk officer used to have. The desk officer covered one country. In those days, he had absolute control over that country in terms of everything going in or out of that country in the way of communications and in the way of personnel. If a desk officer didn't like somebody, unless that somebody had a lot of political power and was coming in as a political individual, the desk officer could stop him just by saying no. And there were no intermediaries between the desk officer and the assistant secretaries. There were no office directors and assistant office directors. A desk officer reported directly to an assistant secretary or his deputy. And he went where the assistant secretary and his deputy went. That was a unique feature which doesn't exist anymore. It disappeared rather rapidly.

The only place that it continued to exist for some period...it came up later on in my career...was in the Office of United Nations Political Affairs. The reason it lasted there was because of the fact that we had an Ambassador at the United Nations, Henry Cabot Lodge, who was a Cabinet officer and a close friend of the President. Whenever you sent him a cable, particularly on the item which I was handling and I will talk about later, disarmament, you could be assured that within five minutes of the cable being received Lodge would be on the phone screaming to the President about it. The President would have to call Dulles. As a consequence, every cable that I sent out in those two years was cleared by the Secretary mainly because he knew the President

was going to be calling him to find out what was going on.

But normally, at that period of time, in the late ‘50s, no low ranking officer was dealing directly with the higher policy levels of the State Department. Whereas in the late forties, that was the norm.

Q: Then you went to Lima as the press officer. What was the situation in Lima at the time? You were there from 1948-51.

GRAND: Shortly after I got to Lima we had a change of government. A revolution took place. The Apristas, which was a populist political party, was thrown out and the military took over. The leader of the Apristas, Haya de la Torre, went into the Colombian embassy to seek asylum. The normal procedure then was that an individual was given asylum and then he was given a safe conduct to leave the country. This didn't happen in the case of Peru because there was a young, very popular Lt. Colonel, who had a tremendous amount of power at that time. He had earlier tried to take over the government but was unsuccessful. When the military revolution came along a couple of weeks later that did work, he was brought back from exile and became Minister of the Interior.

He warned that if the government agreed to give Haya de la Torre a safe conduct from the Colombian embassy, he would go in with a machine gun and kill him. He was sufficiently unstable so that he probably would have done just that and the government was sufficiently unstable so that it couldn't possibly fight him since he had a very populist image. So Haya de la Torre stayed in the Colombian embassy until the middle ‘50s, as I recall, before he was released.

But we had a military government there for all the period that I was there. It was my first assignment overseas and it was a thoroughly satisfactory experience.

Q: Who was the ambassador?

GRAND: The ambassador was Harold Tittmann. A wonderful man. He had been a hero during World War I. He had been shot down, pulled out of a burning airplane and managed to survive. He lost the use of one arm and lost a leg. He was a delightful career Foreign Service officer. Very intelligent. He knew how to run an embassy. I think he was probably the reason why I decided to stay in the Foreign Service.

Q: What did you do as a press officer in Peru before and after the coup?

GRAND: Well, during the period there I was not only the press officer, but also the information officer. We had an information program going in press, radio and motion pictures under which we put on pro-US programs using those three media countrywide. That was when I first learned the importance of personal relationships in Latin America. You really can only operate effectively in Latin America after you have established close personal relationships. It doesn't really matter what the laws are or anything else. You can not get things done well in Latin America unless you have extensive personal contacts. After a few years in Peru, I had gotten to the point where I could have a US presidential speech broadcast with translation almost

simultaneously without any cost to the United States government on every radio station in Peru on very short notice just became I was a good friend of the owners of the radio stations.

Q: Let me ask a question. You say personal relationship. Here you are sent to Peru. How do you get to know the people? How do you develop these relationships?

GRAND: Well, what I did first was to develop my Spanish proficiency. Then...I am a fairly outgoing person, I like people and I just managed to get to know a lot of them. What it took was getting out of the Embassy. A lot of people go to an embassy and just sit there for two or three years and read the newspapers and report on what is going on from what they have read in the newspapers. I don't think that is the way one ought to operate and certainly it wasn't the way I operated. I spent most of my of time with human beings. With people in Peru. This meant giving up sleep. I averaged about four hours of sleep a night in the time I was there. I ended up in the Bethesda Naval Hospital with amoebas in my liver, but I think this was a fair price to pay for getting the job done.

As a consequence, I got very close to the family that ran El Comercio, the leading newspaper there. I actually became part of the Miro Qeusada family because one of my sons was born in Peru, and one of the Miro Qeusada ended up as the godfather of my son. Peru is a closed society. It is almost a tribal society, or was then. Many people in the Embassy didn't like Peru as a consequence because it was difficult to get to know people. I think I was sufficiently young and maybe naive so that I felt that people would like me and be willing to communicate with me. I just went ahead and made friends. That made my official life very simple. I could do all kinds of things in the country just because I had good contacts.

Q: What were our interests in Peru?

GRAND: We were interested in just basic Latin American interests. We were not as concerned then as we are today with representative government in Latin America. I think we still operated on the basis of the old Roosevelt Doctrine. At one point Roosevelt was discussing the various dictators around Latin America that existed at that time and somebody said, "Oh, they're just a bunch of bastards." And Roosevelt said, "Yes, but they're our bastards." And I think we were still going on that basis while I was in Peru. We had no problems dealing with Odria who was the president all the time that I was there.

Our interests were concerned with protecting American investment in Peru, which were very substantial. In terms of minerals, Peru had been a very important source of copper and silver and petroleum. One of the things we were trying to do then was to open up development of Peruvian petroleum by US petroleum interests. We didn't succeed in that. It was a very hot political issue tied in with the fact that the government that had preceded the revolution, the Apristas, had made a concession to one of the US corporations. When the revolution took place and the military took over, El Comercio, which was owned by people I was very close to, opposed US investment in the petroleum in the area because: (1) one of their family members had been assassinated by the Apristas and (2) they were highly nationalistic and did not want foreign investment. Accordingly, our objective of furthering U.S. investment in petroleum exploitation was not achieved.

One of the things we did do that was an example of bureaucracy gone absolutely mad resulted from the fact that after World War II we had a large number of Peruvian pesos available for our use in the Treasury Department. Somebody got the very bright idea of using that money to provide sterling silverware for our embassies worldwide. Peru did excellent work on silverware and at a low price. It was a good notion. The Department sent down an architectural attaché to handle this operation. He put the thing up for bids by all Peruvian manufacturers of sterling silverware. One of the best known silver companies in Peru was called Casa Welch. There was a joke around the embassy that Casa Welch was on the blacklist two weeks before we had a blacklist. Casa Welch was the center for all Nazi operations on the West coast of Latin America. It was well known for this. I discovered the day before the bids were to be contracted that Casa Welch had come in with the lowest bid. Obviously they were going to come in with the lowest bid if they could have their name on silverware used in every US embassy in the world. That certainly would take care of the negative reputation it had because it had been on the blacklist during World War II.

I spoke with the Ambassador about this problem. He couldn't believe it, went through the roof, called the State Department and screamed and yelled. Nothing happened. If you go to any US embassy and they serve you with the fine silver, turn it over and you will see Casa Welch. It was a disgusting thing that we did, but we did it.

Q: Obviously you had this close connection with El Comercio, but what about other papers. I have often heard in many countries that publicity is sort of up for purchase. Did you find that you had to give quid pro quos or even pay or something to get American items of value to us in other papers?

GRAND: I didn't have to do that in Peru. There were two principal newspapers, El Comercio and La Prensa. La Prensa was run by a man called Pedro Beltran. The Department adored Pedro Beltran because; he had been to Harvard; he spoke English well; and he said all the right things. His paper was being run by a former member of the Communist Party who publicly recanted and left the party.

I didn't particularly like Pedro, but it really didn't matter. We worked with his paper until I got annoyed and went to see the Ambassador at one point and said, "Pedro Beltran's newspaper is spreading Communist propaganda." The Ambassador said, "That can't be." I said, "Well, I think it is." For one month, I clipped out of La Prensa and El Comercio headlines and pictures of prominent news stories.
At the end of that month I was able to go the Ambassador and say, "If you read La Prensa, you will get the Communist slant on every prominent news story and here is the proof of it." We sent it to the Department but nobody seemed interested.

We did not have to, in the case of Peru, spend money to get the newspaper coverage we wanted. In other cases, in other countries that I was in, we did have to do it, and so we did.

Q: You left Lima in 1951, is that right?

GRAND: Yes.

LAUREN B. ASKEW
Assistant Commercial Attaché
Lima (1948-1954)

Laurin Askew was born in Tennessee in 1922 and was educated at Georgetown. He entered the Foreign Service in 1948. His career included posts in Lima and Manila. He was interviewed by Charles Stuart Kennedy in 1998.

Q: Let's talk about when you went to Lima. You were in Lima six years, from when to when?

From '48 to '54.

Q: What was your impression of Lima when you arrived there in '48?

ASKEW: Delighted. I remember arriving there at night by plane to a magnificent sight. The port we flew directly over, Callao, and into the airport along the shoreline, had a beautiful arch. I was met very, very warmly by members of the embassy who made me feel at home. They had everything set up for me. A boarding house run by a British lady. The protocol went very, very well. We had as ambassador, the man who was ambassador to the Vatican during most of the war, Harold Titman. A fine man with a delightful wife. I think she was the one who had the money, at least there were often references of relations to the King ranch, for example, a huge ranch in Texas. Very nice people. The whole staff was to my mind, just great. I had no trouble at all fitting in. My immediate superior was one of finest men I've ever met in the service, Charlie Bridget. He had been, before the war, with the Bank of Canada in Cuba. During the depression that would have been, and the bank was taking over plantations, or floating them and taking on bankruptcies and so on. He was very much involved with that. Absolutely colloquial in Spanish. Knew how to deal with people face to face in a way that was almost magical. He was immediately liked and trusted by the Latinos. But he either didn't like to or he really didn't have the gift to write, so we got together on that. He'd tell me, or I'd been with him on a talk with Citibank, and he'd say, "Laurin, you write this up now," and this went on for years much to my good. Above us we had the economic counselor, who vetted anything that went too far astray.

Q: What was the political situation in Lima at this time?

ASKEW: This is classified as being naïve. I arrived at the beginning of a six-year stint, which was also the time when a successful military coup was mounted against what was a pretty weak and flabby civilian government. The coup was being lead from Arequipa, which is in southern Peru and is the traditional origin of the military coups. They took over the government with minimum bloodshed. This guy Odria, the head of the thing, who was nothing but a country bumpkin and didn't make any odds, ends of it. A military man all right. He arranged, and I don't know how this was arranged, whether through the embassy, although I think it was arranged through a bank or something like that, for a doctor Klein in New York, a well known financier,

who was with the firm of Klein and Sachs, to send a group of advisors down to Lima attached to the Peruvian government. Nothing to do with us officially or otherwise. But of course friendly, and therefore receiving a lot of support from us. They spread out with his blessing into all the ministries and they began running the country. This was in ’48. Korea was heating up badly then, we were at war in Korea.

Q: Well we started war in Korea in 1950.

ASKEW: Was that when it started? June 1950, all right. Well, by that time, this group of people and this one dictator had Peru ready to take full advantage of, particularly, raw material prices that went soaring for Korea and prospered enormously. But my opinions of Lima were of an absolutely wonderful climate, wonderful living conditions, with servants that we had not really experience before, either my wife or I.

Q: When had you gotten married?

ASKEW: We had gotten married as soon as she got to the States in ’46.

Q: Where was she from?

ASKEW: Australia.

Q: So this is your war bride.

ASKEW: Yes, this was my war bride. Peculiarly enough, it was my grandmother who just embraced her even after having a pretty rough time with my father’s war bride.

Q: So, continuing with your responsibilities?

ASKEW: Aside from that sort of political aspect, just generally trying to help representative of American firms get a feel for the country and what it was all about. I spent a lot of time with that and it was most enjoyable

Q: How were American firms responding to this because this was a period of great prosperity in the United States and there was a big market there? I was a commercial officer five years later in ’58 and ’60 in the Persian Gulf and found that American firms were pretty happy dealing with their own huge American market. I would think this time would have been, right after the war, hard to get people down there.

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ASKEW: We always regretted the absence of active interest. The absence of a recognition that you didn’t send old Joe down there, you picked somebody who could handle himself. There were many embarrassments, not ill willed, but just for ignorance. Didn’t know what the customs were and how to deal with them. It was slow work. But there were some very rewarding successes. I guess pretty few, and pretty natural ones, picked up again where they left off. There were plenty of Americans living in Peru at the time that were ready and eager to set up.

Q: How about things like what later became ITT (International Telephone and Telegraph)? Communications people later this became a major problem with the Peruvians, but what about at this time, were they welcome then?

ASKEW: I don't remember. That doesn't come back to my memory. Petroleum, yes. Mining, yes. But not telecommunications.

Q: Were you going down into the equivalent of the market place and doing trade complaints and getting to know merchants?

ASKEW: Yes, particularly importers. It was very hard to persuade them that they had a complaint. We really didn't think that that was our job to do except that it gave Americans a bad name. There was a lot of that and we had a staff of about four or six Peruvians who did a lot of the footwork on that score.

Q: Was there any reflection of during the time you were there of the influence of Rockefeller and his bank and also his influence on government? Did that exert itself there or was that more to the North?

ASKEW: It wasn't obvious there. I don't know why, because I was aware of it. I had become aware of it while I was in the Commerce Department. It certainly hadn't taken hold in Peru. I suspect that may have been the fault of previous Peruvian governments that just didn't know how to cope with it.

Q: Were there student problems? In this time you had the trapping of Secretary of State Marshall and others in Bogotá; big student riots and anti-Americanism. Did you run across any of that?

ASKEW: No. That may be due to my friend the dictator. He didn't go for that at all.

Q: Was there any uncomfortable feeling about having a dictator there or was this just considered the Peruvians business?

ASKEW: That's about it because you couldn't fault it. If there were going to be military dictators, this guy should be held up as a paragon. And yet, I don't recall much more in our connection. This may have been deliberate on the part of State and the ambassador to give Klein and his group absolute clean hands. One rather impressive thing that happened while we were there is Cardinal Spellman came down to make a visit.

Q: He was archbishop of New York?

ASKEW: Right. Odria put on the biggest feat for him of his whole time. I thought Spellman did a good job under the circumstances. The Odrian regime had its usual bad linen, although there wasn't a hell of a lot of it, there was always killing going on in Peru because of this frightful difference and lack of understanding between these people who were truly uncivilized, the Andean Indians, who would come down and participate in what for many years was a satisfactory arrangement. They'd come down and work in the plantations, cotton and sugar

mainly, and make enough money in a few weeks before they got sick because of being too low. They were watched and taken care of, the plantation owners saw to that. Made enough money to go back and spend the rest of the year. It was what they called the Peruvian lung at that time.

Another visit was by the then-president's brother, Milton Eisenhower. Who made a trip and came and stayed in Peru and I like to think I had some little bit to do with persuading his party to spend two days in Cusco on their own, with only the mayor of Cusco coming and very quietly presenting his welcome, hoping they would be comfortable, that they could do anything they like to, and turned around and left.

Q: Cusco being where and what?

ASKEW: Cusco being the traditional center of the Inca empire. It's a city in the southern part of Peru in the high Andes. Everyone gets altitude sickness when they go there and get their britches scared off when the plane lands. It was in those days an airstrip that goes downhill and ends in a cliff. It's really something. It is also near the famous ruins of Machu Picchu, so some of them went there and some of them just stayed in the hotel and got over their sickness but it worked out well. The Peruvians received them with great dignity and respect.

Q: The Milton Eisenhower report was a major step for American relations when he came back and talked to his brother the President. It led him to accord more attention to Latin America. Just talk a little bit about getting into the Foreign Service. You took the written exam and then the oral exam?

ASKEW: Yes, a group came through, or had been appointment by senior officers in the area, I'd forgotten exactly how.

Q: Do you recall any of the questions?

ASKEW: No I don't. Except that I have to admit that the written exam, I recall that a little bit better, was very well done, so much of it being on just plain common sense rather then memory. I found if very fair and very well. I remember I had something to do with holding the exam in Manila some years later and there it had already been changed somewhat into two days or something.

Q: I think they changed it from three and half days to a day.

ASKEW: That was a disappointment because I wanted to go in the front door and had been snuck, sort of half way, into the back door but it didn't work.

Q: Did your work change at all when you were moved into the regular Foreign Service?

ASKEW: No. I definitely stayed on in the commercial office.

Q: Was there much intercourse between the political section and the economic and commercial sections in Lima at the embassy?

ASKEW: There was some. I suspect that we in the economic section thought they were a little bit snooty and that they didn't pay enough attention to basic economics that were really running the country. We certainly fraternized with them; our families knew each other and everything. As a matter of fact, they were rather good people as I recall. As usual, the consulate was under fire always. Too many people and too few to do the workload. Selfishly, I hoped I would never get into that and I never did. Not that I actively avoided it but I thought it was really very bad policy. It was the congress that delivered it. Directly from congress, so and so much for consular work. It was just awful. Later on in the big consulates, for example in Madrid, at a time when they had to take measures against terrorists attacks, it was like a penitentiary.

PATRICK F. MORRIS
Administrative Officer, Institute of Inter-American Affairs
Lima (1950-1953)

Mr. Morris was born and raised in Montana. Educated at Georgetown University, Mexico City College, and San Marcos College, Lima, Peru, Mr. Morris served in the US Army in Europe during World War II, where he was captured and imprisoned by the German Army. He joined the newly established Point IV program in 1950 and worked with that agency and its successors in various senior level capacities in Washington, D.C., in Paris and throughout Latin America. His final posting was in the Dominican Republic, where he served as Director of the US AID Mission. Mr. Morris was interviewed by Charles Stuart Kennedy in 2007.

MORRIS: For two years. No, let me see, 1948, 1949, 1950; a year-and-a-half probably and then I went to Peru.

Q: How did that come about?

MORRIS: Well, I just resigned the job because I wanted to see Latin America and my reason for having gone to Mexico was to learn Spanish and now I could speak Spanish. And so I decided I wanted to see South America. I still had some GI Bill and I enrolled in San Marcos University in Lima, Peru, and I got a degree from San Marcos.

Q: You were there from when to when?

MORRIS: I was there, I arrived in 1950 and I left in 1953. Since I had worked for the Department of Agriculture in Mexico I decided that if there were any other U.S. Government programs in the area that I would try to get a job, banking on my experience in Mexico. There was the Institute of Inter-American Affairs, which had been set up by Nelson Rockefeller during the war, the beginning of the war, and in a lot of the Latin American countries there was a mission, an Institute for Inter-American Affairs mission and they had programs in agriculture and in health and in education. These were technical assistance programs. And I went in to see

the head of the agriculture program in Lima and he hired me. But he hired me on the local payroll. He asked me what kind of experience I had besides my operations in Mexico and I told him that was it. He said do you have any accounting? Well, I had taken accounting at Georgetown and he said I am going to put you in our business section. So I went to work for the Institute of Inter-American Affairs in their accounting department and before long they assigned me to the auto repair shop, to the accounting department in the shop. When I saw the way they were doing their accounting—I had taken cost accounting at Georgetown—so I set up a cost accounting system for them. By that time the Institute of Inter-American Affairs had been absorbed in Washington under a larger program called Point Four, the old TCA, Technical Cooperation Administration.

Q: Point Four being one of Truman's-

MORRIS: Exactly. Four points.

Q: Four points.

MORRIS: Four points, yes. And that was technical and economic assistance to the developing world. Since the Institute was already doing this in Latin America it was just absorbed into TCA.

Q: Just to get this straight, the Institute was an American- Nelson Rockefeller was assistant secretary for Latin American affairs I believe during this time.

MORRIS: He was named Coordinator for Inter-American Affairs.

Q: And so this was an institute, it was not a Rockefeller institute-

MORRIS: That is right, it was-

Q: -it was a government institute.

MORRIS: It was a government institute, but the interesting thing about it was it was a government corporation. It was incorporated in the state of Delaware and so it had tremendous freedom. And this was one, I think one of Rockefeller's innovations because he wanted freedom; he wanted to experiment; he wanted to see what worked and what did not work. And I must say that from my own experience those programs, those Institute of Inter-American Affairs programs throughout the hemisphere were some of the most effective technical assistance programs that I have ever run into and I have no doubt that in many ways the basis for the ministries of agriculture, ministries of health, the ministries of education in Latin America grew out of those programs.

Q: You did not feel, I mean, one of the great complaints about aid, well of course you were a part of this but later on was the very heavy hand of Washington and the turgid bureaucracy. I mean, the idea of you instituting an accounting method without having, you know-

MORRIS: Right.

Q: -20 people back in Washington giving you instructions on how to do it.

MORRIS: Well you know, I would like to spend a little time talking about the servicio system because to me this is a mechanism that really worked and that has gone unrecognized in the area of transfer of technology. And I do not know what its antecedents may have been but I think to some extent they were based on the Rockefeller Foundation experiences working in public health in the United States and also the New Deal experiences in working with farmers during its early days when there was so much desolation in rural America. I think that the idea of the way the servicios went about their business probably grew out of that. And then the next thing that I think was tremendously important was the caliber of people that they hired to do the jobs. We really had some outstanding people, names that nobody knows today. You know- I am going to make a little segue here to make a point.

You know, they talk about Chile being this island of economic progress and growth in a Latin America that to this day is pretty stagnant. And they talk about the Chicago boys and Milton Friedman.

Q: These are students who cannot get graduate degrees from Chile at the University of Chicago.

MORRIS: At the University of Chicago, that is right.

Q: And they came back and used the-

MORRIS: And used the theories at the University of Chicago to orient the government and so forth. But the full story and I cannot give the full story because I never served in Chile, the full story of laying the foundation for that goes back to the servicios and it goes back to an individual named Albion Patterson. Albion Patterson was a linguist. Now, this is interesting, the kinds of people that Rockefeller hired. Albion Patterson was a linguist and he was in charge of the agricultural servicio in Paraguay for a number of years. Patterson was really a Renaissance Man and he just had a feel for things; he had a feel for how to get things done and he knew what the basics were. He was transferred to Chile and I am not sure exactly but Patterson made friends with Ted Schultz. Ted Schultz-

Q: Who was a correspondent for, oh I think it was <u>Time</u>.

MORRIS: No, no, no, no. You are thinking of another, this was Ted Schultz.

Q: Oh, Ted Schultz.

MORRIS: Ted Schultz. And Ted Schultz was an education economist at the University of Chicago and he got a Nobel before Milton Friedman got a Nobel. Ted Schultz. Albion Patterson made friends with Ted Schultz and Schultz convinced Albion Patterson that he ought to start sending Chileans to do graduate work at the University of Chicago. Patterson did an awful lot of things while he was in Chile; he was always experimenting with ways to do things. So that was the beginning of the relationship between Chile and the University of Chicago. But the servicio

programs themselves worked through the government ministries in the countries that they operated. And the servicios were organic parts of the ministries. There were co-directors; there was a representative of the ministry and there was the representative of the Institute of Inter-American Affairs who were the co-directors of the servicios.

Q: Were these directors Americans or?

MORRIS: One director was an American and the other was a national of whatever country. And out of these servicios grew, in certain cases, ministries. In Peru, when the Institute arrived, there was not a ministry of agriculture. They started a ministry of agriculture at the behest of the Institute so that they could begin to institute programs for farmers, extension service, research services, outreach, etcetera, etcetera. And the servicio in Peru then was set up under the ministry but a ministry which had not existed before then. And so the American director and the Peruvian director of the servicio ran their own little programs but they would also recruit Americans not only to work for the servicio but to provide technical assistance to the ministry in areas other than what the servicio was doing. The servicios operated little programs as demonstrations with the idea that when they grow to a certain size then they would be transferred over to the ministry with the people who had run the demonstration so that nothing would be lost in the transfer. And this was very successful.

I worked in Peru and then I worked in Ecuador. By that time the TCA had been absorbed into FOA (Foreign Operations Administration) which later became ICA (International Cooperation Administration. So we were absorbed into ICA and I was transferred then to Ecuador in the ICA program as a program officer.

Q: I want to go back to Peru. What were you doing in Peru?

MORRIS: I started, well I started as an accountant and then I moved- then when Point Four came into existence they made me the training officer. The training office really was nothing more than an office where we processed people, locals, for training in the United States. So it was an administrative office, taking care of all of the paperwork necessary to get a person ready to go to one school or another in the United States. And the servicios were recommending these people and were also choosing where they would go to school in the United States.

Q: Well what, I mean, this is in what specialties?

MORRIS: Agriculture, health and education.

Q: Were there any particular places where you were sending the Peruvians?

MORRIS: Yes. Maryland, the school of agriculture at Maryland; North Carolina; Texas A&M. Those are the ones that occur to me offhand and that was all in agriculture.

Q: Did you notice as you were doing this, you know in Peru, from the other Latin American countries there is quite a difference between the, what do you call them? The Native Americans, the former Incans; I mean, in other words the Indians there and the non-Indians or the mixed

blood, were the Indians sort of beyond the pale as far as living in the mix?

MORRIS: You know, that is a very good question and it certainly is something that needs to be studied in very great depth. The fact is this is one of the things that I discovered when I went from Mexico to Peru; the Mexicans had not only discovered their Indian past but they glorified it. You know, Diego Rivera, you know, the whole artist movement in Mexico.

Q: Sure, it is very sort of Indian oriented.

MORRIS: Exactly. And to this day I will never forget a Mexican ambassador to the United States who became a friend of mine when I worked in Department of State, I cannot remember his name now, but he looked like an Anglo-Saxon and there was never a conversation where he would not say, and como soy 100% inio. That means "I am 100 percent Indian". Because part of your credentials in Mexico were that you were an Indian. In Peru and in the rest of Latin America that was not true. There were class lines, there were racial lines and they were very difficult to cross. In fact, they were not crossed. To this day, what is happening in Bolivia is an example of how deep this problem is and how far from any resolution it is. And so the servicios, if the servicio failed in Peru it was on this level in the sense that we were working, the servicios were working with small farmers and they were working with Indian farmers too but only within the norms that were already established in the communities. And so there were large Peruvian haciendas that had serf labor and we were helping those haciendas with the new techniques, you know, demonstrations using fertilizer and using insecticides. The servicio was promoting all of these things. There was never any thought and certainly no discussion of thinking about instituting social change.

I must say, though, that we were in contact with anthropologists who were working with these Indian communities. The only program that I know that had an anthropologist on its staff was in Brazil; a fellow named Kal Olberg. Kal Olberg is supposed to have invented the term "culture shock" but he was the only anthropologist I know that was working with the servicio program. In Peru we were in contact with an anthropology program run by the Smithsonian but they were strictly anthropologists and they were not looking at the operational aspects of how we operated and we were not looking at the significance of their work to what we were doing.

Q: So the work was not pointed toward what I suppose we would call equal opportunity or something? We were not saying well how will this benefit the Indian population. But it was not part of our program to try to change the culture of a country.

MORRIS: That is right. We were not and we were assuming that what worked in the United States would work in Latin America and that was true up to a point but obviously it was not enough.

Q: Well you did mention about Bolivia—I just put in here as an aside—we are talking about, what is his name? There is a new president of Bolivia who is the first-

MORRIS: Indian. Evo Morales

Q: -Indian, very obviously Indian president who is trying to create a social revolution to give the Indians more say in the government and it is going very one- As we are speaking in 2007, he was just elected last year, where this is going. It is a social, economic and cultural revolution which is still very undecided at this point but showing the barriers to getting the Indians into the-

MORRIS: Absolutely. Absolutely.

Q: And Peru just in the last decade had an Indian-

MORRIS: Well no, he was a Japanese, Fujimori.

Q: But he was followed a little later by-

MORRIS: Oh yes, oh that is right, yes, right, Alejandro Toledo.

Q: He came from Indian stock.

MORRIS: Oh yes, exactly. He claimed to be 100% Indian. He was a shoe-shine boy who went on to earn a PhD from California. Right.

Q: But it is still, you know, it is still a very problematic thing.

MORRIS: Yes, yes.

Q: Well in this whole business in Peru, how did you find the Peruvians you were dealing with responded? I mean, were you- did you find the government was-

MORRIS: Oh you know, again, I think that you have to take into account the quality of the leadership on the U.S. side in the Institute. Another name that is not renowned but who is well known in Peru is John R. Neale. John R. Neale was head of the agricultural servicio; he was there for 12 years. He became the first AID (U.S. Agency for International Development) director in Peru but because of Neale's diplomatic ways, his soft-spokenness, he was accepted and admired throughout the Peruvian official community and I think that Neale was outstanding but he was also an example of the really first class people that were in charge of the servicio programs in Latin America.

Q: What sort of government did Peru have at the time?

MORRIS: Nominally democratic. Well, actually not. I misspoke. At that time the government was under a military dictatorship, the Odria dictatorship. But they had had elections in previous decades and then there was the military coup; Manuel Odria was in power for about 10 years. That government was overthrown and there were new elections. So you had this mixture. And this was true throughout Latin America, where you had periods of democratic governments and then periods of military dictatorship, even in some of the traditionally democratic countries like Uruguay and Chile; those were probably the two administrations which had the longest democratic traditions. But in both of those countries the democratic regimes at times had been

interrupted by short terms of military dictatorship. So during the time I was in Peru it was a military dictatorship and I think, I cannot remember but I think the servicio had been founded under an elected government just before Odria came to power.

Q: Well did you find that the military rule intruded much or did they say, you know, agriculture is not something that the military really normally would pay a hell of a lot of attention to; did they sort of turn that- I mean, did you feel sort of out from under the hand of-

MORRIS: Yes, actually there were restrictions on freedom of expression; the press was censored but ordinary life under the dictatorship was not much affected except for the fact that you felt the military presence all the time. You knew, but in terms of the ministries themselves, they were mostly, most of the ministers were civilians; not all of them. If they wanted to do a favor for a certain military man and they wanted to get him out of the service for some reason they would give him a ministry. But I think the minister of education, for example, was a military man but the minister of agriculture was not a military man and there was a long agricultural tradition in the country and people who had studied agriculture and so forth and so there was a pool of people to fill these higher positions.

Q: Well did you feel that there was much progress, innovation in agriculture during the time you were there? Did you see things taking hold?

MORRIS: Oh, absolutely. I mean, this is why I say that we had, our assumption was that what worked in the United States would work in Peru and of course to a certain extent that was correct. I mean the application of fertilizer, for example, the use of chemical fertilizers; the use of insecticides; the importation and use of large scale agricultural equipment for harvesting and planting and so forth and so on, all of these things made sense to the Peruvians but it did not really address the poor subsistence farmer. They went on living as they had always lived; they grew enough for themselves and they might sell a little in the market and that was that. And they probably did not use fertilizer, they did not use chemical fertilizers and they did not use insecticides and they did not use any kind of mechanical equipment.

Q: Well was, would you say the people who relied on food stuffs in Peru did better and was the economy of Peru better because of what you all were doing?

MORRIS: There is no doubt that agricultural production and productivity increased substantially while we were there and I would think that our being there had a great deal to do with those increases in production and productivity. We justified our programs, this way - the war was over, the Institute of Inter-American Affairs had gone there during the war to help stimulate agricultural production but mainly in the export fields so that food could be exported to the United States during the war. We expanded after the war into other areas and our justification changed. So most of my career, and I was in the programming part of AID for most of my career, we justified what we were doing on the basis of increasing the size and prosperity of the middle class. And there were- we had lots of benchmarks so we could measure our progress. I like to say that during my entire career, that is, from 1950 to 1980, economic progress in Latin America was measurably better year by year during the entire time that I served in AID. When we used to send our presentations to Congress we always utilized the benchmarks that we had; production and

productivity and whatever the crops were, that was in agriculture. In health mortality rates, morbidity rates. And we could always demonstrate improvements. There is no doubt that during my time in Latin America working on programs of mostly technical assistance, although there was some economic assistance from time to time in certain countries, but this was mostly technical assistance and our budgets were miniscule. But we could always point to economic progress and we theorized that economic progress meant an increase in the size of the middle class and the increase in the prosperity of the middle class was the basis for democratic government. That was our bottom line.

Q: What about living in Lima, social life and all that. How did you find it?

MORRIS: Well, those were great days. I was a bachelor. It was a wonderful time. I still was not making very much money but since I was setting up the accounting department in the shop there was always a car around that I could use and so I had transportation. And you know, the wonderful crowd of young people, lots of Peruvian girls. You know, Lima is a strange place climate-wise. It is under a cloud, literally, for eight months of the year; you never see the sun. And the humidity is so high that sometimes you feel like you are walking through water. I mean, there is water on the ground and you feel it on your skin. But then there were four months of sun and we used to inhabit the beaches and that was great. So I had a car and we would go to the beach, we would have a gang and go to the beach. I went to the beach every day during the summertime. And Lima, since everybody wanted to take advantage of the four months of sun, had special working hours during the summer. I got off at 2:00; we started at 8:00 and got off at 2:00. And I would go home and get my swimming stuff and drive to the beach. At that time in Lima they used the European system, set up tents on the beach, little tents, and you would go down, you would take your stuff, you would change your clothes in the tents, just hang them up there. You rented the tents. Well, you know, I made friends with all kinds of guys so we would pitch in and rent the tent for the season and it was our tent, you know, and you would go there anytime and the beach boy knew you. It was a great life.

Q: Was there, at that time, you were there from when to when?

MORRIS: I was there from ’50 to ’53.

Q: Was there any anti-Americanism there at the time?

MORRIS: There was a little. I told you that I registered in San Marcos. I left Mexico and so I was a student at San Marcos and this was the time when Truman was president and the Puerto Ricans shot up Blair House.

Q: Well Pat, we were talking about anti-Americanism.

MORRIS: Oh right. Most of the Peruvian students at San Marcos were very, very friendly. I had no problem at all fitting in except I spoke Spanish that I had learned in Mexico and in Mexico, one of the few places in the hemisphere, I do not know how it is today but I think that probably still they use formal, “usted”. In South America generally, I think probably in the Central American countries they use more the formal form of “usted” but in South American countries it

was all “tú,” informal. And so when I went to the university and I talked to everybody in the formal form they thought I was stuck up. One of the guys got me aside and he said, “Why don’t you address me, tu?” And I said, “I do not know how. I never learned the forms.”

Q: I used to have that problem in Serbia.

MORRIS: Yes. But anyway, I made lots of friends at the university. But remember the Puerto Ricans shot up the Blair House. As a result of that they had an anti-American demonstration at San Marcos. But it was a passing thing. I never sensed any strong anti-Americanism.

Q: Okay. Is there anything else you’d like to add before we stop?

MORRIS: Yes. Soon after the IIAA (Institute of Inter American Affairs) we incorporated into the TCA (Technical Cooperation Administration), the Peru mission was visited b some of the headquarters staff from Washington. Among those in the delegation was Jonathan Bingham, the son of Hiram Bingham III, who as a graduate student of Yale University, discovered Machu Picchu in 1911. Jonathan was third in command of the new agency in Washington. When we were informed of his visit, we assumed that he would want to visit the famous Inca ruins. John R. Neale, who was the newly designated mission director for Peru, mentioned in a staff meeting that we would have to make preparations for such a visit and asked for volunteers to accompany Bingham to Machu Picchu. I spoke good Spanish and had recently visited Machu Picchu, so felt qualified for the job, so I volunteered and had the honor of accompanying Bingham, his wife and others from the delegation to Cuzco and on the Machu Picchu. This was his first visit to the ruins.

Hiram Bingham, of course, besides discovering Machu Picchu became prominent in U.S. politics and became a Senator from Connecticut. His son, Jonathan followed in his footsteps and served in the U.S. House of Representatives. Years after that visit to Machu Picchu, he visited Paris as a Congressman while I was serving there. At a cocktail party given in his honor, I reminded him and his wife of our earlier encounter in Peru. He said that visit was the only time he had set foot in Machu Picchu.

VICTOR NIEMEYER
Director, USIS
Lima (1955-1956)

Victor Niemayer was born in Texas in 1919 and was educated at the University of Texas at Austin. His career included posts in Tegucigalpa, Lima, Guatemala City, Manila, Monterrey and Santiago. He was interviewed by Lewis Hoffacker in 1999.

NIEMEYER: In '55 I was offered the directorship of the binational center in Lima. Well, in Texas, it would be like going from Floresville to San Antonio, you now, or something like that.

Q: *Big time.*

NIEMEYER: Big time, that's right. A bigger center and a lot more responsibility, a lot more teachers. So we came home, had a great reunion with the family, and in June we were off to Lima. Bad habit of arriving in bad weather - it happened in Tegucigalpa, but in Lima there's always a fog in the wintertime, and this was June of '55, but we made it, of course, got started there and then went on and began the new year of 1956, which ended tragically for me because my wife contracted polio and three days later she was dead. So my two children and I resigned - I resigned. The two kids and I went back to Texas to finish up in graduate school, and I never thought about getting back into the service again.

Q: *Did you blame it on the local medical facilities, or lack thereof? If that had happened in the States -*

NIEMEYER: I'll tell you what happened, Lew. She had the first Salk shot, but she didn't get the second one, and you have to have two. That was it.

Q: *So you can't blame it on the hospitals in Peru.*

NIEMEYER: No, not at all. I can only blame it on the -

Q: *Everybody else in the family had the two.*

NIEMEYER: Yes, I can only blame it on not the supply but the - I can't think of the organization within the State Department that provides services - General Services. They did not order the second shot, and it happened, and it was too late to do anything about it. But they shipped her body home, and she was buried in our home town cemetery. The kids and I left several months later, not to return to Lima.

HENRY DEARBORN
Political Officer
Lima (1955-1958)

Mr. Dearborn was born and raised in Massachusetts and educated at Dartmouth College and Yale Law School. A Latin American specialist, he served in Barranquilla and Bogotá, Columbia; Manta and Guayaquil, Ecuador; Lima, Peru; Santa Domingo, Dominican Republic; and Mexico City, Mexico. In Santa Domingo, Bogotá and Mexico City, he served as Deputy Chief of Mission. In his Washington assignments, Mr. Dearborn dealt with matters concerning countries in Latin America. Mr. Dearborn was interviewed by Charles Stuart Kennedy in 1991.

Q: Well now, you then came back into the Foreign Service in, what, 1955, 1956?

DEARBORN: Right.

Q: Was this part of the Wriston Program?

DEARBORN: Yes.

Q: And you were assigned then to –

DEARBORN: To Lima.

Q: To Lima, where you then served for about three years?

DEARBORN: Two.

Q: Two years. What were you doing in Lima?

DEARBORN: I was chief of the political section in the embassy.

Q: The ambassador was Theodore –

DEARBORN: [laughter] That's another story. Ellis Briggs was ambassador and he was up here; he had just been assigned to Lima not too long ago. And he came up here and he said, Henry I want you and Marie Rosa (Marie Rosa is my wife's name) I want you and Marie Rosa to come up here and have lunch with me at the Metropolitan Club. So, we were good friends of his, so this wasn't strange. Ever since he was director back when I was married we've been good friends. So I said to my wife, that's very nice of him but I wonder what's on his mind because he particularly wanted you to be there. So what it turned out was, you know the relationship between Ecuador and Peru are very poor. They're natural enemies –

Q: Boundary disputes –

DEARBORN: Right.

Q: Which the United States got involved in –

DEARBORN: Right.

Q: In the '30s.

DEARBORN: We still are. So he said, you know what I would like? I would like Henry to come to Lima as chief of my political section, but what I really need to know is if you, Marie Rosa, could stand to live among the Peruvians [laughter]. That was what he wanted to know. So she said, "I like the Peruvians, my grandfather was a Peruvian, I don't have a problem." She said, "I know they want to swallow us up and all that, but personally they are very nice people." So that relieved his mind, and off we went to Lima.

Q: Well what was the situation in there in the two years that you were there?

DEARBORN: One of the main things that happened…There was a very large embassy, it was really my first experience working at the embassy; especially the aid program. AID has changed their name so many times I forget what they call themselves.

Q: Why don't we just call them AID, and let someone else sort it out.

DEARBORN: The worst name they had was Foreign Economic Administration, because in Latin America that spells "ugly". But then we had all the military missions, the military attaches, and our staff meetings were very large. And you might remember, in the old days we had that thing called the WEEKA and I remember –

Q: It was a weekly report covering political, economic, cultural affairs –

DEARBORN: Right. I used to write, I wrote those for two years. I remember coming home from some party at 11 o'clock and staying up until 4 o'clock doing the darn WEEKA for the next day. But they were good things, I was sorry when they stopped them because they were week by week a good summary of what was going on. Historically, I'm sorry that they stopped those.

What else could I say…_____ politically it was interesting because the [Spanish name] party was, I don't know what you know about the [Spanish name] –

Q: No, I don't.

DEARBORN: Well a man named [Spanish name] was a great liberal ,one of several liberals in Latin America who stood out. One was Betancourt in Venezuela, [Spanish name] in Peru and [Spanish name] in Costa Rica, were sort of a triumvirate of high level politicians who carried the ball for the liberals. [Spanish name] had been in exile, I think he'd been exiled for five years, in the Columbian Embassy in Lima. Finally he was allowed to leave and he went to Europe. Well, one of the big political events when I was chief of the political section was that they let [Spanish name] come back. And that was a world shaking event. The upper crust of Peru had always tried to prevent [Spanish name] from gaining power. They had used all kinds of tricks to prevent this, including strong arm methods. They just wouldn't let them get power, although they were quite strong. So when [Spanish name] came back, a lot of people thought the world was coming to an end. A lot of the business people especially. One of the main newspapers called El Commercio, it was a family that had had, it was a leading family, the family was assassinated and blamed the [Spanish name]. They were determined that the [Spanish name] never get in.

Then we had an attempt at revolution. President Odria, Manuel Odria, was president when I got to Peru, and there was a coup attempt against him. That caused a little excitement. It didn't succeed, but it caused a little excitement in the political section. Then there was an election where the people assumed, Odria assumed, that he would see to it that the election came out the way he wanted it to. And his candidate was a man named Lavalle, and about two months before the election, Odria fell and broke his hip, which kept him semi invalided. But I think it also kept him from doing too much about the election, that's always been a theory of mine. So when the

election actually came off, his candidate only got 12% of the vote.

Q: My God.

DEARBORN: So, it was a fair election. And [Spanish name] who had been in exile in France for a long, long time came back and ran for president and was elected. One thing that caused some commotion in social circles was that he brought his mistress with him, with whom he'd been living in Paris, although he was also married and had children and grandchildren. But what happened there eventually was interesting because after I left - didn't happen while I was there, but after I left - he applied to the Vatican for an annulment of his original marriage, the woman he'd been married to for 25 years or so. He pulled this off, the Vatican annulled the marriage, and he married [Spanish name], his mistress. She came from a rather good family in Peru. So anyway, that shocked society in Peru.

Then there was a fellow named [Spanish name] who became president later on. Everyone knew he had presidential ambitions. He got into an argument, I think it was in the congress, with another representative whose name I can't remember, and the other fellow challenged him to a duel! And they got their pistols, or sabers or whatever they were, and went out at 4 o'clock in the morning out into the desert somewhere and I guess fired shots in the air, enough to satisfy themselves. But the point there, the political point there was that dueling is an excommunicable offense in the Catholic Church, and I thought that that would be enough to ruin his chances of ever becoming president, which was one of my incorrect prognostications because he was later elected president. I didn't think that would be possible.

Q: How did…Ellis Briggs was ambassador for most of the time you were there –

DEARBORN: Not most of the time, because having gotten me there, he deserted me after a few months and went off to Brazil. He was named ambassador to Brazil.

Q: So Theodore (Achilles?) came. How was he as ambassador?

DEARBORN: Wonderful, wonderful.

Q: What was his style of operation, that sort of thing?

DEARBORN: There was only one thing in his style of operations to which I had any vigorous dissent. He was a wonderful man, I just think the world of Ted Achilles, but he developed the thought at performance report time that everyone should write their own efficiency report.

Q: Oh God.

DEARBORN: [laughter] Well the reason I objected to that was, well, I thought, whoa that's great but what about personalities? Here's one guy who toots his own horn and loves to do it, and here's another guy who's reasonably modest and not used to doing that, and that guy that toots his own horn and hides his faults is going to come out better. Well, of course it was going to be reviewed, the guy who toots his own horn couldn't smother his faults too much because it

was going to be reviewed by his supervisor. But I…if you write honest reports, you're going to tell what you think is wrong with you as well as what you think is right with you, and I don't think that's fair. I think its up to other people to find out what's wrong with you! [laughter] I may have things wrong with me that nobody knows! So, except for that one thing, he was a really great guy to work for.

Q: What were American interests in Peru at that time?

DEARBORN: Well, we had mining companies, and there was a lot of ruckus over an oil company. There was an oil company that was one of our main interests and they were fighting expropriation and things like that. [Spanish name] I think was the name of the mining company. And then there were all these business type things going on, and then there was always the good old Ecuador-Peru boundary which was always flaring up in my section of the embassy.

Q: How did we deal with this? I think I have one interview with somebody who was told… Sumner Wells, he was a desk officer, someone called him one day and said "I want you to settle that boundary problem," and he ended up, you know, sort of aghast –

DEARBORN: This sounds like Bob Woodward talking [laughter].

Q: [laughter] But saying that they got it into, we ended up being the guarantor of a boundary. What do we do?

DEARBORN: Well there are four guarantors: the United States, Argentina, Brazil and Chile, I think, is the other one. And what happened was, I guess Bob probably told you about this, this was before my time, but at the time we were going into WWII we wanted peace and tranquility in the hemisphere and there was a meeting in Rio. In fact, I guess it's the time when they drew up the Rio Defense Treaty. And Sumner Wells, he was the main representative for the United States in Rio at that time, and he didn't want any problems. There's no doubt about the fact that they used very high pressure tactics on Ecuador to accept a certain line and the Ecuadorian's representative, the foreign minister at the time, who's been cursed ever since by the Ecuadorians, agreed to this line. Now the Ecuadorians have always felt it was not a fair line because it gave Peru things they had won by conquest and had no right to for a lot of historical reasons, while Ecuador had a right— one of those things that nobody could win. But anyway, because of the high pressure from the United States, Ecuador succumbed and they never felt right about it. But the guarantors, if there's a problem, whenever there's a problem they're supposed to step in and support the line that was drawn at the time. And you know, Ecuador is a tiny little country. They aren't in any position to resist the pressures of the four biggest countries around, the three biggest in South America.

Q: How did –

DEARBORN: Then they got the fella named George McBride as our representative on the boundary commission, who was supposed to go down there on the ground and demarcate. It was called the demarcation commission, and when I was on the Ecuador desk, George McBride used to come around and talk to me. He spent I don't know how many years of his life working on

this demarcation, and then he wrote a big report of course. Its been rather quiet lately but two or three years ago – no, maybe more like four or five - there was a real flurry in Ecuador because there was a rumor that Peru was going to attack them. This sounds ludicrous but the fact is, people in Guayaquil tell me that there was actual panic in the streets. It never happened. I don't know, it may have been total rumor, but they are very touchy on this.

Q: Well did you find yourself in a sort of spinning contest with the political section in Quito on taking sides on this boundary or was it more or less both of you trying to calm everybody down?

DEARBORN: No no, the latter. I remember once when a lot of people were away in the department when I was working there, and I suddenly found myself in charge of relations with Ecuador, Peru and Bolivia all at one time for a few days. I always remember that the Ecuadorians came in, since I was having Ecuador and Peru at the same time, and said "don't you tell them any of our secrets!" Things like that. But no, between embassies, no.

Q: Well then you came back for really a rather short interregnum or something –

DEARBORN: The War College –

PATRICK F. MORRIS
Peru and Ecuador Affairs, ICA
Washington, DC (1955-1958)

Mr. Morris was born and raised in Montana. Educated at Georgetown University, Mexico City College, and San Marcos College, Lima, Peru, Mr. Morris served in the US Army in Europe during World War II, where he was captured and imprisoned by the German Army. He joined the newly established Point IV program in 1950 and worked with that agency and its successors in various senior level capacities in Washington, D.C., in Paris and throughout Latin America. His final posting was in the Dominican Republic, where he served as Director of the US AID Mission. Mr. Morris was interviewed by Charles Stuart Kennedy in 2007.

Q: Well then you left Ecuador in?

MORRIS: Fifty-five.

Q: Fifty-five. Whither? Where did you go?

MORRIS: Washington, D.C.

Q: What were you doing there and you were there from when to when?

MORRIS: In Washington?

Q: Yes.

MORRIS: I was in Washington from 1955 to 1958. I was in charge of the office of Peru, Ecuador affairs, Institute of Inter-American Affairs TCA, which had now become ICA. Well, I had served in both countries and I knew them well and I knew the programs so I became the desk officer for those two countries.

Q: How did you find the perspective there? I mean, did you find that working out of Washington, I guess it was ICA by this time.

MORRIS: ICA, right.

Q: International Cooperation Administration.

MORRIS: Administration, exactly. Harold Stassen.

Q: How did you find it from there?

MORRIS: To me, I was convinced that what we were doing in Latin America at that time was exactly the right thing. I was convinced that the United States really had an obligation to try, first of all to promote democracy but through economic means by building up the middle class. So I was delighted to find that getting to Washington and seeing that these ideals, if you will, had now sprouted into an international program that went not just to Latin America but went worldwide in the developing areas. So I found it rather exhilarating to be part of this and I think that the organization at that time was new enough that it had not gotten into a rut and it had not gotten tied up in bureaucracy. And I became quite rapidly attuned to working within the organization, at all levels. So I think I took to it and I think as a result I was fairly effective, not only doing my job but in helping our Institute of Inter-American Affairs, which had now just become the Latin American regional office for ICA, in helping us to have clout within the organization itself. In other words to get our ideas listened to and maybe accepted by the rest of the organization. Because the rest of the organization was starting out from scratch and here we had 10, 15 years of experience in Latin America so we believed that we had something to offer the rest of the organization. I was quite active in inter-regional activities, pushing for certain ideas with regard to technical assistance.

Q: Was there a feeling of, oh I do not want to use this in a pejorative term, I use it in the positive term, almost a missionary feeling that we had a message to get out, that we had both the resources, the know-how and all to do something?

MORRIS: Absolutely. Absolutely, yes. This was the feeling and while I was in Washington, this is sort of jumping, but we can get back to the earlier part of it but while I was in Washington ICA established a four month course at SAIS, School for Advanced International Studies at Johns Hopkins for program officers. And so toward the end of my tour in Washington I was chosen to go. There were about 30 of us, I guess, from all over the world and we were exposed to all of the recent writings on U.S. development assistance and a lot of academic writings on the pros and

cons of engaging in these kinds of activities. So we got a very good grounding in the debits and credits of this kind of activity but I must say that all of us in the class, about 30 of us from all over, all different parts of the world, we had all had experience and we would all be going out again as program officers, we really dismissed any thought about negative aspects of what we were doing. We pretty much were true believers.

Q: What would be negative aspects?

MORRIS: Well you know, The Ugly American was written at that time, Graham Greene.

Q: Graham Greene, he did not- yes he wrote The Ugly American and The Quiet American.

MORRIS: The Ugly American was about Thailand or Vietnam, it was about Vietnam.

Q: The Quiet American was-

MORRIS: The Quiet American was Graham Greene.

Q: -in Vietnam; The Ugly American was William Lederer and Eugene Burdick about the Philippines.

MORRIS: Right, right. You are right, exactly. But anyway, these books came out about that time and so you know, it was really the American as missionary and the naïve missionary, so we were aware of that and we accepted some of the criticism but we really believed that we could change the world. My own experience in Latin America, I could see the changes taking place.

Q: Yes. I mean, it is easy to get cynical about these things because we, our efforts were really quite positive in many places.

MORRIS: And for an extended of time. You know, I say that when I entered the program, which was 1950, until I retired in 1980, that is 30 years; 30 years of solid progress, 30 years of solid progress that we could point to. We had benchmarks, we had statistics that we used every year in our congressional presentations to prove that we were on the right track, that we knew what we were doing and that it was paying off. I must say that from 1980, when I retired, until the present Latin America has been in the doldrums and not only in the doldrums but economically they are just treading water.

Q: Yes. The head of the, when you were in Washington, was Harold Stassen?

MORRIS: Harold Stassen was the head of ICA.

Q: How did you find his administration?

MORRIS: Well, actually Stassen was there when I arrived but he left soon after. He did not get on with Eisenhower. John Hollister replaced him. We had about four different directors of ICA before the Kennedy Administration came in and turned it into AID. But Stassen did not get along

with Eisenhower but he had some very good people at the next level. I cannot remember the hierarchical titles but D.A. Fitzgerald, who eventually at one point was acting for a number of years; D.A. Fitzgerald was the deputy for an awful long time. He had been in the agricultural section of the Marshall Plan and what happened, of course, when Stassen came in the Marshall Plan was winding down and so what was left of the Marshall Plan was incorporated into ICA. So we had a lot of people who had European experience who were now part of our organization. And in fact they dominated. And we in Latin America had dealt only in technical assistance; we did not have economic programs. We provided technical assistance and small grants to help the technical people promote certain practices and that was it. So that the programs that we carried out in Latin America remained distinct in many ways from what was happening in other parts, which had a Marshall Plan, a macro-economic, orientation.

Q: How did you find working within the State Department? I mean, being separate but within it. There was the Foreign Service and all; was it a different environment than you were used to?

MORRIS: Well it was interesting. I will never forget I pushed through the first PL 480 program in Latin America; maybe in the world. I think it was the first one. PL 480; I probably should describe what PL 480 is. PL 480 was a program to utilize surplus U.S. agricultural production. The U.S. Government had provided such large subsidies to agricultural production in the United States that we always had surpluses that were a drag on the market and the U.S. Government was buying them up. And then the Government had to decide what to do with them. So Hubert Humphrey I think was the one who started the PL 480 program when he was a senator so that- Public Law 480 was established and there was a drought in Peru. I was the Peru desk officer and I heard about this new program and so we started to talk about how we could get some agricultural products, U.S. surplus agricultural products, to send them to Peru to help people in the drought area. And I had to work through the bureaucracy with the Department of Agriculture because the Department of Agriculture had the responsibility for the program, not ICA. But they did not have any foreign missions. I had to work with the bureaucracy, our bureaucracy, with the bureaucracy of Department of Agriculture. And this was an area that was completely foreign to me; I was dealing with legal documents most of the time, trying to get everybody onboard so that we could start this little program, because it was not very big, in Peru. Since it was the first one nobody knew exactly what to do and so I was dealing with lawyers a large part of the time. And your question had to do with the State Department.

Well, when I finally got everything ready to go then I still had to get the State Department's clearance and I ran into some of the worst nitpicking that I had ever experienced in my life and here I was, a very practical guy who had only operated on programs on the basis of what you could see and what you could do and so forth and so on and here I was tied up with the State Department in all kinds of legalisms that I did not understand and that I thought were completely irrelevant to what I wanted to do. So from that, obviously with time we got it taken care of and we got the program started but from that experience with the State Department I thought man, this bureaucracy is just awful. But at the same time, at the same time I had already, while I was in Ecuador, since I was the program officer in Ecuador, I had to coordinate everything that we were doing with the embassy. So I had- and I had very high regard for everybody that I was dealing with in the embassy; I dealt mostly with the ambassador, the DCM, and the Economic Counselor.

Q: Who was the ambassador?

MORRIS: There was a wonderful guy named Shelly Mills. He retired after that but the interesting thing is that- I am trying to remember the DCM but they were both good friends of mine. In fact Shelly Mills wanted me to move over to the State Department and he worked on me all the time I was in Ecuador and he said now when you go to Washington, I want you to go some office and initiate an application to enter the Foreign Service, which I did not do. You know, this is interesting. I have always had the highest regard for what State does and the State Department operation overseas but I really believed that what I was doing was much more exciting than being in a reporting job in the embassy or whatever.

Q: Oh yes. It is more operational and delivery.

MORRIS: Yes, that is right. So I resisted the idea. Here I was in Ecuador/Peruvian affairs, Shelly sent his DCM, who had come into Washington on business, to invite me to lunch and asked me how things were going. Had I filed my papers to get into the Foreign Service? And I had a good excuse; I told him, which was true and it was a concern of mine, my father was in ill health, I did not know whether I wanted to go out again. At that time, the ICA, when you came back to a Washington job you had to leave - we were FSRs, Foreign Service Reserve, and we had to transfer to the Civil Service. Well we came back to the States and so I had already transferred back to Civil Service and I was not sure whether, because of my father's health, whether or not I wanted to go out again in the immediate future and I thought I am in an organization that is doing the kinds of things that I think are important and so I did not want- if I signed up for the Foreign Service I knew what the drill was there, that I would not have much choice about when I could leave and when I could stay at home. And so I did not do anything about it but I had lots of dealings in the State Department. They had a desk officer for Peru and they had a desk officer for Ecuador and they had a desk officer for Chile; well I had Peru and Ecuador so I dealt with two different desk officers in the State Department. And I had lots of dealings with them and they were always friendly; I had respect for them and they had respect for me. So that I think in general my experience with State, and later on we will get into, actually I was in State Department jobs later on; the Latin American bureau integrated with the State Department and I held a couple of jobs during that time within the State Department hierarchy, being rated by State Department officers.

JOHN J. CROWLEY, JR.
Consular and Labor Officer
Lima (1955-1959)

Ambassador John J. Crowley, Jr. was born in New Mexico on February 10, 1928. He got his B.A. from the University of West Virginia and his M.A. from Columbia University. He joined the Foreign Service in 1952 and served in Maracaibo, Lima, Brussels, and Washington, D.C. where he was the desk officer to Venezuela. Later on, he served in Quito, Santo Domingo, and was Director of

Northern European Affairs. He went back to Caracas as D.C.M. and finally served as ambassador to Suriname. He was interviewed by Charles Stuart Kennedy on June 27, 1989.

Q: We're not going to dwell on your early time, but you went to Lima. This is 1955 to '59. You were there a fairly long time.

CROWLEY: Yes. My first two years I was assigned as a consular officer. I worked for my first woman boss, Sophia Kearny, who was a rather legendary figure in the consular corps and a wonderful person, and she taught me the trade. After two years working with her, I became the labor reporting officer. I think that probably the high point of that tour was to see the effect locally of US trade restrictions, because at that point Washington, in its wisdom, imposed import restrictions on lead and zinc, both of which were important contributors to the Peruvian economy.

All my labor contacts I found to be up in arms about this, and I had to go around and try to make peace with some of them and explain why Washington had done this. So I attended rallies, and even street demonstrations, against the United States, and, fortunately, they didn't involve me. [Laughter] They said he's just the agregado de trabajo from the embassy. But it was an eye-opener to see, you know, the effect that a decision in Washington could have on things abroad.

Q: Who was our ambassador there at that time?

CROWLEY: Well, I worked first for Ellis Briggs. Of course, he was another legendary ambassador. And then for the late Ted Achilles, who was a very different one.

Q: Well, they were certainly two professional ambassadors.

CROWLEY: Yes, indeed.

Q: Were they able to get anything done on this lead and zinc business?

CROWLEY: Not during my time there. It was a question of the domestic industry here being able to have its way.

Q: How to work in a situation like that? I mean, all of a sudden you have something which you know is going to have a major effect, and there you are as the labor officer and there is the ambassador. How does an embassy work under these circumstances? What did you do?

CROWLEY: Well, we tried to explain it reasonably and we tried to compensate for it in some ways. Through AID, we expanded our labor exchange program. AIFLD had not yet been created as the American Institute for Free Labor Development, but Bill Doherty, who is now the head of AIFLD, was the inter-American representative for some of the white-collar unions, and he had already started the program up here at Front Royal to conduct seminars and classes for the labor people from abroad. So we tried to expand that program, and we tried to get our message across that this was something only temporary. And we hoped also through the AID program that other

compensations could be . . .

Q: How were the Peruvian labor people looking at you at this point?

CROWLEY: Well, fortunately they had a kind of fraternal feeling for me as an individual since they knew that I had been a member of the American Federation of Musicians, and so I was "Brother Crowley."

Q: What did you play, by the way?

CROWLEY: I played piano. But they didn't have much sympathy for the decisions of Washington, I must say, so it was kind of a damage-limiting operation.

Q: As the labor officer in an embassy, the labor officer is often sort of the odd man, or odd woman, out, because traditionally our interests in the Foreign Service is looking at political parties and not labor, and this is a fairly new concept still. How did you fit into the embassy?

CROWLEY: Well, organizationally I was in the political section. I was the labor reporting officer, but I also covered some other areas. I was, I think, very well accepted. I was covering the Aprista Party, which was a labor-based party, anyway. As Haya De La Torre used to say, "The intellectual and manual workers together form the party." So everybody in the party felt, in a sense, they were labor representatives. And since it was the second largest party in Peru, I was not shunted aside as a kind of a labor specialist, but was treated as a full-fledged political officer.

Q: Trying to get some idea of how embassies operate, you said Ellis Briggs and Theodore Achilles were two quite different people. How were they different and how did they operate within the embassy and within Peru?

CROWLEY: Ellis Briggs, by the time he came to Lima, had been ambassador, I guess, in six or seven countries, and he was well settled into the role. I don't mean to say he was pompous, but there was a kind of air of majesty about him and he moved with a lot of poise and he impressed people very much, both in English and Spanish. He was a very kind person and very sociable, but he had a certain hauteur, I guess you could call it.

Ted Achilles, on the other hand, despite the fact that he was born to a large fortune, was a much less imposing person. He was much more down to earth. Some people might say that he was a little out of his element in South America. He had spent most of his time in Europe.

I liked both of them and I learned a good deal from both, but there was quite a difference in their personalities. I would say that probably Briggs was the more broad-gauged type. He had been ambassador in Korea, in Czechoslovakia, in Uruguay. He knew many languages, and he was very cosmopolitan. He felt at home in those places. And I think that Achilles, at least at the beginning when he came from Paris (where he had been DCM) to a Third World country in Latin America, took a little while for him to get accustomed to it.

Q: Here was the second country you'd been in. How did you feel was our policy towards Peru

and Latin America in general? Did we sort of take them for granted? Did you think we were giving sufficient understanding to their needs and pride and all?

CROWLEY: Well, in Venezuela we made the mistake of becoming too much closely identified with the dictatorship. And after the dictatorship was overthrown in 1958, there was a tremendous outpouring of emotion against the United States, and it took us several years to help to counter that. Finally, when Rómulo Betancourt was elected president, he was a person who had always had ties to the Democratic Party in this country, who had been a communist at one time, but had become quite anti-communist. And through careful management of the relationship, we built up to the point where we became relatively popular again in Venezuela, but it cost us some effort.

In Peru, we were not that associated with General Odria, and, in fact, General Odria did us a favor in the late ''50s -- I forget which year -- by voluntarily stepping down, which was a very smart thing for him to do because forever after he could come back to Peru and walk on the streets and he was accepted like any other citizen. Nobody was out to assassinate him.

I think our policy then, and certainly later, was perhaps too much dictated by the interests of individual companies that were there. The economic side of it always seemed to me a little out of proportion. On the other hand, we went out of our way to show friendship and support as much as we could for the Apristas, who were basically a sort of leftist, social democratic party and anti-communist.

Q: So we weren't completely entrapped with the rightist side as often as was happening in those particulars?

CROWLEY: No, I don't think so. The fact that we had this large labor program spoke pretty well for us, and we dealt not only with the Apristas, we dealt with the Christian Democrats, and their unions, that is, Christian unions. The only people we didn't deal with were the communists because, in my experience, there has never been very much point in dealing with them because they are usually so convinced of their own viewpoint that, you know, there's not much point in seeking them out. But among the others we worked with a pretty broad spectrum.

Q: You then had a pretty grounding in the labor field. You went back for labor studies?

CROWLEY: Yes. You see, the distinction between labor reporting officer and an attaché was that the labor reporting officer, at least in my time, could be assigned by the Department without necessarily consulting the American labor movement. But the attaché, once you reach that level, the Department of Labor and the AFL-CIO like to have some say, at least give their okay, to the job.

Since my labor background consisted of being just a union member, they didn't consider that without further specialization, I was really that well prepared to do technical labor work. So I went to Wisconsin, with two other FSOs, that year, and we went through a curriculum that was mainly in the economics department, and had to do chiefly with technical labor subjects.

LOUIS P. GOELZ
Consular Officer
Lima (1957-1959*)*

Louis P. Goelz was born in Philadelphia on February 25, 1927. After military service he graduated from La Salle College and Georgetown University. He joined the Foreign Service in 1955. He served in Lima, Hong Kong, Sao Paulo Belen Para, Mexico City, Nuevo Laredo, Tehran, and Seoul. He also served at INR, and the Visa Office and was assigned to the NATO Defense College for a year. He retired in 1992 and was interviewed by Charles Stuart Kennedy in July 1992 and February, 1993.

Q: *So that would be until '57.*

GOELZ: '57, right. In '57 I had my first post abroad. I was assigned to Lima, Peru, and I served there as a rotation officer. However, I had no sooner arrived at post when the consul died, and I was sort of thrown in to take over the consular section which I did for most of the two years I was there.

Q: *What was the visa situation in Peru at that time?*

GOELZ: At that time it was a lot easier to get an immigrant visa because you didn't have any quota for Latin Americans. So that was really good business. The economy was a lot better then than it is now in Peru, of course, so the non-immigrant visas were not as difficult to get as they are now. The workload was not heavy though, surprisingly, to me then, and especially now, that there were really not that many people overly urgent in their desires to get to the United States.

Q: *Essentially what it amounts to, a good experience.*

GOELZ: A very good experience as far as I was concerned because it was a heavy enough workload to keep me busy, but not so heavy that it turned into a visa mill operation of any sorts. I also had some excellent assistance. They had the staff corps in those days, and I had several American staff corps members who were assisting in the section, one of whom was an expert in visas.

Q: *You left Lima in 1959?*

GOELZ: In '59, and then I returned to Washington. I had picked up amoebic dysentery in the meantime, and they would not allow me to go overseas. I was supposed to go to Thailand, but they wouldn't let me go. So I had several jobs in the Department before I was able to go back out again. I was there for two years, '59 to '61, and I worked at the time in something called the Inspector General for Mutual Security which was sort of a high priced team for which I was the baggage carrier investigating A.I.D. programs around the world. And the second half was in the Visa Office itself where I was in special inquiries.

ROBERT M. SAYRE
Political Counselor
Lima (1957-1960)

Ambassador Robert M. Sayre became interested in the US Foreign Service after having served for four years in Army during World War II. He began his career at the State Department in 1949. Ambassador Sayre served in Peru and Cuba, and was ambassador to Uruguay, Panama, and Brazil. He was interviewed in 1995 by Thomas Dunnigan.

Q: Well now, going on, I believe you were integrated as a Foreign Service Officer in the 1950's, sometime, and your first overseas assignment took you to Lima, Peru as Political Counselor?

SAYRE: That's correct. I went down as number two in the political section. After I was there a year the Political Counselor left and the Ambassador made me the Political Counselor.

Q: The Ambassador was Ambassador Achilles?

SAYRE: Theodore C. Achilles, yes.

Q: What were our chief concerns with Peru in those years?

SAYRE: Peru was a major supplier of mineral products to the United States: lead and zinc and other products. Major American companies were working in Peru and other agricultural products like bananas came from Peru. But our main interest was the minerals that Peru supplied to the United States. We of course were naturally interested in a country that was a major supplier, keeping it going, and everything else.

Q: Could you, as Political Counselor, meet with the opposition figures, say the APRA people there? Or were you limited to dealing with the government?

SAYRE: The government did not restrict Embassy consultation. I met with the APRA leaders; in fact had them to a reception at our house with other political leaders. I can't remember the exact date but the head of the APRA party was kept in the Colombian Embassy for some time. I met him after he was released. I talked to other lower level leaders in the APRA party. We talked to Fernando Belinda Terry (not an APRA) who'd lost the election and so on. There was no objection by the Peruvian government to us talking to anybody.

Q: While you were there I believe it was 1958, there was rather a dramatic visit by Vice-President Nixon. Can you tell us a little about that?

SAYRE: Well, Vice President Nixon came down on a trip through Latin America. He was in Lima; he had set up a schedule. We thought he was going to be able to visit the University of San Marcos, but it didn't work out. (San Marcos University was established in 1551 and is the oldest

university in South America.) The students threw rocks at him at the University, and he had to leave. He went over and made his speech at the Catholic University; that was the only unusual incident there.

Q: Did you accompany him on any of these visits around?

SAYRE: No, I did not. He was traveling in his own car. The Ambassador accompanied him but I did not. I was however over at the University when this happened and saw them do it, but I was at some distance and I was traveling with his interpreter (Vernon Walters) at the time.

Q: This was a foretaste of what he was going to run into in Caracas I gather later?

SAYRE: When he got to Caracas, they trashed his car.

Q: A dreadful thing. Do you think that demonstration against him was Communist- inspired or was this a nationalist feeling?

SAYRE: No, I think it was politically-inspired. There was a prior meeting over in the Plaza San Martin before they did this at the University. And there was no question at all that this was Communist-inspired, in my mind. I wrote the report on it after the trip, and I think that's what it was.

Q: In those years, could you foresee the rise of the opposition group the Sendero Luminoso an outfit that had caused such trouble since then?

SAYRE: No, it was not apparent. Mrs. Sayre and I traveled all over Peru when I was there, except over into the Amazon area, but I didn't see the Sendero Luminous coming up. I saw a lot of other difficulties. Because of their economic situation, they had the first strike in their history which included all government employees, the police, and everything else -- it was a day-long strike. So they did have political problems, but they kept things reasonably on track.

Q: So there wasn't the armed guerilla warfare then?

SAYRE: No.

DOUGLAS HENDERSON
Economic Counselor
Lima (1960-1963)

Ambassador Douglas Henderson was born in Massachusetts in 1914. He received his bachelor's degree from Boston University and his master's from the Fletcher School of Law and Diplomacy. Joining the Foreign Service in 1942 he served in Mexico, Chile, Bolivia, Peru and Washington, DC. He was ambassador to Bolivia

in 1968-69. Ambassador Henderson was interviewed by Richard Nethercut in 1988.

HENDERSON: When President Kennedy came into office he looked at this array and sent Adlai Stevenson on a trip around Latin America to investigate, and out of that trip was evolved the Alliance for Progress. The difference between the Alliance for Progress and previous programs was a renewed emphasis, which Eisenhower had already started, of turning a lot more of the responsibility for decisions affecting their future to the sovereign nations rather than giving them paternal advice. Although the concept was good, it also ran up against one of those preconceived ideas. The people who took up the direction of the Alliance for Progress were people who had more recently been in key positions in the European Recovery Program. Now the European Recovery Program had been based on the concept that we put a pie down and each person at the table received a piece of the pie in agreement with all the others, according to the needs of that particular situation, and they all cooperated in supervising the use of that pie. I'm talking about the eventual $17 billion that was invested in that program. If a country involved in the program was not making efficient use of what had been allocated to it, it would receive advice and guidance from the other countries. The United States was only one among equals in the entire effort. When we tried to transfer that concept to Latin America, we were up against a different set of circumstances and the concept did not transfer, for several reasons. In the first place, in Europe there was an infrastructure in place, damaged, but in place: communications, trained personnel, the kinds of machinery that are necessary to a technological society. This wasn't, and still isn't, available in Latin America. That is one part of the problem. And the second part of the problem was, and is, that, whereas in Europe, although there are keen rivalries and strong cultural differences, these have been subordinated to the necessities of mutual survival. In Latin America the culture and the society of each country have not been under those survival pressures. There are completely different forces at work and if you were to ask me what the principal force at work in Latin America today is, I would have to say, that it is a question of population migration--a population migration from rural societies, rural areas, into the megalopolises of the countries. And this is the force which is driving Latin America today.

Q: *Ambassador Henderson, where were you when the Alliance for Progress was being launched and implemented?*

HENDERSON: I was in Lima at the time as Economic Counselor and serving with a very brilliant political ambassador, Jim Loeb. Jim, as I say, was highly intelligent but completely miscast as ambassador to a developing country. Jim would have been the perfect ambassador to France. He and Charles de Gaulle would have had famous rows and probably accomplished a great deal. Jim could not gear himself to the requirements of a developing society, and unfortunately this led eventually to such a clash of values between the Embassy and the Peruvian military that, although Jim was not declared *persona non grata,* it was felt to be in the best interests of both countries if he were withdrawn. This occurred when a military junta had taken over the government of Peru, and I don't think its necessary to go into the background of that; but it also leads me to the second aphorism which should be somewhere in the lexicon of Foreign Service officers.

I believe it was Elihu Root who made this pronouncement, which says that in international relations you can never shake your finger after you've shaken your fist. It seems to me that our recognition policy is a question of shaking our fist first and then shaking our finger, and it certainly worked that way in Peru.

But this is aside from the point that you were making which is the question of the Alliance for Progress. I was in the Economic Section. I had been involved with the Point Four program in Lima. The hardly won gains of the Point Four program, particularly the rapport which some of our technicians had established with Peruvian counterparts, were largely ignored by a whole new group of very bright, very aggressive experts--many of them recruited from universities--who were *gung ho* for accomplishing a great deal in a very short period of time. After all, that was the main thrust of the Alliance for Progress, and the Peruvian culture resists quick change, however it is governed. The Peruvian culture is an Indian culture which is different from the American culture.

Well, we didn't have too long with that transition from Point Four to the Alliance for Progress. Then came the question of a new election, and then a military junta takeover and the breaking of relationships and the resumption of relationships which I had to negotiate. Then the Cuban missile crisis intervened and the U.S. attempted to involve Latin America in joint action. All of these crisis-related issues came up very quickly, in rapid succession, in a period of about six months. The ambassador left, and I was there to be Charge and to deal with all the broken crockery resulting from the breaking off of relationships, particularly with a very sensitive, proud military group. It was that period of time which probably brought me to the attention of the Kennedy Administration and which led to my later nomination as Ambassador to Bolivia.

JESSE A. FRIEDMAN
AIFLD Representative
Lima (1960-1963)

Jesse A. Friedman attended undergraduate school at the University of Maryland and graduate school at the Cornell School of Industrial and Labor Relations. He joined the Department of Labor in 1958 and proceeded to work with the AFL-CIO, the AIFLD, and ORIT. Mr. Friedman was interviewed in 1995 by James F. Shea and Don R. Kienzle.

Kienzle: Would you like to describe your experience in Peru? What were AIFLD's goals there and how were your working relations with the Embassy?

FRIEDMAN: First I would like to make a couple of comments about Serafino [Romauldi]. I think that it is very fitting in an oral history of this kind that some things be put into perspective. Now it is *au courant* and popular to say that all that we are doing is a Cold War effort and that maybe we are not as useful today as we used to be because when the Communists were strong, that's what we were all about. I would like to make some remarks about that because it *just ain't the case*.

The ORIT was founded by Serafino , together with some other colleagues, amongst them Arturo Sabroso of Peru, who was the great Samuel Gompers of the Peruvian labor movement; Bernard Ibanez, the Chilean leader; and others. They founded what is now the ORIT in January 1948 in Lima. There were no Cold War considerations. The whole philosophy of what is now ORIT-in those days it was called the Inter-American Confederation of Labor but was reorganized in 1951 into the ORIT when the ICFTU was formed-the whole basis of that organization was the struggle to achieve freedom of association, so that workers could form unions and so that unions could play a more meaningful role in the struggle for democracy. The communists were totally uninvolved. The entire struggle was pitted against Perez Jimenez in Venezuela, Odria in Peru, Trujillo in the Dominican Republic, and the beginning of the Duvalier regime in Haiti. All of these oppressive regimes which were crucifying, killing, and exiling labor leaders were not Communist regimes. So when Fidel Castro and Cuba came along in 1959, ORIT was already established as an organization. So those who look at international labor and US labor's role in it and portray that as just one anti-communist effort or just some kind of a CIA front to accomplish things *terribly misinterpret* the whole history. The history was a struggle for freedom of association, a struggle to build strong unions as a component in achieving democracy and making unions a meaningful player within that democracy. When Communism became a factor, say in post-1960 Cuba, the Cuban Communists imposed the same harsh conditions on free labor that Perez Jimenez and his dictatorial colleagues had done years before. So the antipathy of free labor towards Communist unions in Communist societies was as natural as its antipathy towards the fascist type or the military type of harsh dictatorships. To characterize the AFL-CIO-or the AFL in those days-as just being a Cold War product is to do it a very *grievous injustice*. Yet that is how the enemies of organized labor and US labor's participation [in international labor activities] throughout the world try to portray it.

Kienzle: Do you want to go back to your experience in Peru and tell of your role as a field representative there?

FRIEDMAN: Yes, when I went to Peru there was a military junta in place. This military junta wanted to keep the Aprista under its thumb. APRA is the name of a political party which represented about ninety per cent of the democratic trade union movement at that time, or even more perhaps. There I was with a program, part of the Alliance for Progress, to work with them. What we did was to introduce a vast program of labor education. We built unions. The union structure was there, because Peru had a rich history in these things, but we reinforced unions. We strengthened collective bargaining in the country and brought modern techniques into the labor relations system. We helped the unions, so that they themselves became a driving force in pushing for elections that later brought Belaunde into power. In all of this I was working with the CTP and its leadership, first with Arturo Sabroso, then later with Julio Cruzado.

In those years the CTP was far more powerful than it is today. One of the effects of the reign of Julio Cruzado as General Secretary was to make the movement independent of the trade union bureau of the party. After the death of Haya de la Torre, there was not a good succession, and there was a body of thought there that felt the trade union movement ought to do what the party tells it to do when the party tells it to do it. There was such a misunderstanding about what things were all about that we were even approached by party representatives to channel trade union

programs through the trade union bureau of the political party. They were offended when we said that we could not even entertain such a request. Cruzado resisted that but the cohesiveness of the CTP dissipated.

At the same time the military juntas of the 1970s were stimulating and financing the growth of opposition unions in their desire to destroy APRA as a force. That saw the true burgeoning of the communist trade union movement there, and also the so-called independent but pro-government trade union movement called the CTRP, which was totally supported and funded by the Velasco government. Anyway, those events happened after I left. Your question was what did I do when I was in Peru, and I did the traditional social projects and educational programs.

Shea: Jesse, do you recall the labor attachés you worked with at that time and who was our ambassador?

FRIEDMAN: When I went to Peru the ambassador was John Wesley Jones. John Wesley Jones was a true gentleman, as though cast from an old mold. His labor attaché was of a kind that you, Jim Shea, may be the last representative. His name was Tom Robles . Tom Robles had been the Executive Secretary of the New Mexico State Federation of Labor. He was a bilingual fellow and I think he came from the IBEW [International Brotherhood of Electrical Workers]. In those years there were many US trade union technicians who could enter the Labor Attaché Program, and what a disservice it was to fail to continue [to recruit] those guys. Those guys brought a dimension to our embassies that has been sorely lacking. I won't say it is totally absent, because there were many people who came from the Foreign Service who were every bit as good as they were, because there were favorably disposed towards labor. Still, we need a special effort to get people like Tom Robles and Art Nixon, who was from the CWA [Communications Workers of America]. Well, Robles was of that type, and I will be eternally grateful to Robles for all of his experience in the trade union movement. There were times when I could go to him and tell him of certain problems that I had. There were times, as you alluded to before, when certain American employers, who were offended by the idea that there were US unions down there training people, would complain to the ambassador, often with exaggerated or false stories about us. Robles was a voice, inside the embassy, who could explain what it was we were doing and why it was consistent with policy. He was able to keep the ship on keel.

Robles was succeeded by another fellow whose origins were in the labor movement, although he later went on to be a consul. That was Irwin Rubenstein. Rubenstein, I think, had his origins in the [International] Paperworkers Union. He continued the same policy that Robles had of making sure, at a time when it was a controversial concept in US foreign policy, that workers' movements were considered and that we had a fair hearing inside the embassy -- and in convincing others that our cause was correct and just.

ROBERT L. CHATTEN
Student Affairs Officer, USIS
Lima (1961-1964)

Robert L. Chatten recieved an undergraduate degree in journalism from the University of New Mexico and went on to receive a masters degree in communications and journalism from Stanford. He was sworn in as a Foreign Service Officer in 1959. In 1972, he was stationed in Colombia as the new PAO in Bogota. In addition to Colombia, he was posted to Bolivia and Ecuador

Q: *You jumped to Lima, Peru. Any particular thoughts you have about the transition--language training, for instance?*

CHATTEN: Well, I did my Spanish language training in the old FSI, in the basement of Arlington Towers, like generations of foreign service people did. Sixteen weeks of it and I was shipped off to be a card carrying New Frontiersman in Latin America. That was where on word of the highest authority, the clock was ticking and it was one minute to midnight. Experience has demonstrated that the clock is still ticking and it is still one minute to midnight, but, at the time, that's what we were charged up about. I was going to be a front line fighter. Despite some earlier nibbling at the edges of the university audience with BN student affairs grantees, the new Student Affairs Officers were supposed to orient the programming of the whole post toward students.

Q: *Was this your generation?*

CHATTEN: My assignment preceded that phrase. Vice President Nixon had had two of his six crises (you remember his early book) in Latin America with students. One of the them had been at the Central University in Caracas and the other had been at San Marcos in Lima. The Agency, in response to that, created six of these positions around the hemisphere. The two hottest ones were Caracas and Lima in terms of their political visibility, because of Nixon. I showed up in the PAO's office and said, "Here I am. I'm your new Student Affairs Officer, what am I supposed to do?" He said, "Oh shit, I thought they told you that in Washington." He didn't have any idea what a Student Affairs Officer did and I didn't either.

After being judged successful as Tokyo's first publications officer, along about here, it's beginning to become dramatically evident that one of the better things that can happen to you is to go into a job that didn't exist before. You become the greatest expert in the world on the subject and it is whatever you say it is. I'd done that in Japan as Publications Officer. Question: What's a Publications Officer in Japan supposed to do? Answer: Start a new labor magazine and turn political speeches into English texts. What's a Student Affairs Officer in Peru supposed to do? Answer: What do I have that they want? Books.

Q: *Who's they?*

CHATTEN: Students and, in general, the higher academic community of Peru. By extension of Nixon's San Marcos experience, I'm supposed to devote my energies to communicate with this portion of Peruvian Society. If you interpret USIS's role as concerning itself with how foreigners perceive the United States, that's fair.

Q: *How did you go about it?*

CHATTEN: I began to figure out the size of the audience, which was damn big, and their geographic spread and their political inclinations. I then had to ponder what I might conceivably do as one person with the resources of one USIS post, drawing for additional resources on whatever I could suck out of Washington or the AID mission or where ever else I could find them. What could I do? How can you impact upon this audience? What are your messages, what do you want to say to them? How are you going to go about it? That sort of analytical process led me to the conclusion that what I wanted to talk about were essentially two subjects: the Alliance for Progress, in all its many manifestations, and the seemingly natural academic pursuit of American Studies. .If my orientation was toward the academic community, it seemed to me that, in the long-term interest of USIS, we should help develop a mechanism through which lasting messages/communication about the United States might be channeled. American Studies Programs seemed to me to be a way to go about it.

Well, that may have been a proper conclusion but it certainly didn't deal appropriately with the academic environment of Peru at that time, where they had never heard of area studies, let alone, American Studies. San Marcos was kind of a tough nut to crack on my first attempt, though it wasn't a monolith. So I went to Catholic University, the Pontificia, which was important historically in Peru and on the Continent. We'd talk around the subject and it soon became obvious that they didn't have any idea about area studies. They were oriented toward the traditional, Latin American academic modalities of very packaged curricula in which everyone in a faculty or college took exactly the same courses. What I had in mind was an arrangement where we could supply a Fulbright Professor into the faculties of Economics or Letters or Law or something. A professor or two could teach something about the American perspective on, for example, development economics. They talked endlessly about "development" in the abstract, but it had never occurred to them that the economics of development could be a separate subject.

Once you sold them on the idea, then you couldn't get them to focus on just having one professor a semester, or two. They then started talking about a whole school or an institute, things beyond their means or ours. The result of it was, as in so many dealings with Peru, nothing happened.

Q: *Lot of talk, no action.*

CHATTEN: I learned early that Peruvian academics had a hard time thinking small or doing big. I needed a better approach. As a result, I devoted most of my energies to combining their need for books, which I could supply in quantities important to them, and seminars about the Alliance for Progress, playing on their consuming interest in development. I made a deal where, for any professor of my target faculties who would adopt Samuelson as an economics text, I would supply the books. Samuelson didn't exist in Spanish at that time, which was a separate problem that had to be dealt with later on, but many advanced students could read English. Textbooks in Peruvian Universities were rare, since the professors were making extra money by selling their own notes.

I ended up doing a series of seminars. I got 30,000 to do my first big show in the seminar biz in which I brought to the Lima BNC 200 upper level students and young professors from all of the

major universities and the Escuelas Normales Superiores, the places that trained secondary teachers. Identifying two hundred of these people all over the country, inviting them to Lima for two weeks, putting them up, paying their transportation, organizing a two week seminar - you can imagine the organizational complexity of all this, and we pulled it off! We spent a week talking about The United States, everything from literature to politics. I brought professors in from the United States, I grabbed up every Fulbright Professor who was in the country at the time and I used the resources of the mission. I did the same thing the second week, which was on the Alliance for Progress. The first week, which they didn't know what the hell I was talking about but it was important and we gave it a chance. The second week focused on the development of Peru, which was a subject that interested them, and the label that we put on it was Alliance for Progress. They cared more about the subject than the label.

An extra benefit was to get people into our binational center where we staged it all. This was assuredly one way to help the BNC in its transition from being an English teaching institution and library to something like a program platform. We had a wonderful time doing it.

Then I took my show on the road. I did one for the northern universities and Normales Superiores. I would do one occasionally as an "American Week" at various places. This became a very useful vehicle of choosing target faculties in the whole university system of Peru.

Q: *Bob, there must have been some resistance by the Leftist groups, the student groups, some manifestations, even personal threats?*

CHATTEN: Yes, all of the above. And I couldn't or wouldn't do it now. And I would be reluctant as a PAO or a program manager to ask a young officer to put himself into the situations I found myself in. But the PAOs, I had three PAOs in Peru, were willing, either because they were hands-off managers or didn't know what I was doing. That was where I learned what tear gas smells like, down around San Marcos. Going off to places like Ayacucho, which shortly after my tenure in Peru became way out of bounds, was part of the game. They threw the Peace Corps out and it became a war zone, much later being the center of Shining Path guerrilla activity. But nobody else knew what the hell I was supposed to do, so I went.

Q: *Was there any long term affect from these programs, so you can look back and say well, we made a difference?*

CHATTEN: It's hard to know, but, sure, there were things at the time that you felt very good about. In retrospect, exposing people to the concept of credit hours may have been as revolutionary as anything that I had to say about the Alliance for Progress. We took them for granted and didn't know there was any other way to do it. They took for granted the notion that you entered the university and stayed with your class throughout your whole career. Failing a subject in their system was almost unheard of because if you failed a piece of the set curriculum, you had to repeat the whole year and couldn't stay with your class. Introducing the notion that there is an other way going at higher education, credit hours, was in the Peruvian context of the day, a revolutionary concept. Thanks more to AID's major investments in Peruvian higher education than to me, its fairly standard now in Peru. But I was one of the forces bringing them into contact with this and other ways of dealing with higher education. Its useful to note at this

point that controversial Peruvian President Fujimori came out of La Molina, the national agricultural university which was very much the creature of a big contract AID had with North Carolina State University. Fujimori, as La Molina rector, came from what in Peruvian terms was a very progressive, US-type educational environment. I didn't introduce the notion to them that having text books was probably better than not having text books. But they didn't have any and so my ability to actually put tens of thousands of books into individual hands and into the libraries of Peruvian universities was a plus. Libraries in Peruvian universities were, by and large, a joke. But sometimes I could put more books in than they could lock away in a cabinet.

Q: *Yeah, that's kind of standard procedure in the Third World, locking the books away to avoid pilfering for one thing.*

CHATTEN: To come back to the theme that seemed important in East Asia, I continued to try get a handle on what constitutes a proper career trajectory in the Agency. In Lima, I was getting my cultural card punched. My original ambition was to get back on the media side, where all of my viscera really were anyway.

DAVID LAZAR
Lawyer, USAID
Lima (1962-1964)

David Lazar was born in Chicago and was educated at Northwestern, DePaul, and Georgetown. His USAID career includes posts in Peru, Bolivia and Panama. He was interviewed by W. Haven North in 1997.

LAZAR: I did. Not immediately, but eventually. In 1962 I went to Peru as the first lawyer in a Latin American aid program in some years. They had had them down there earlier and had gotten rid of them, something I suspect a lot of missions would like to do again today. There was a good deal of resistance.

Q: What was your function?

LAZAR: To advise the AID mission director and the people in the AID mission and provide them legal advise and counsel.

Q: On agreements and that sort of thing?

LAZAR: Yes, exactly. And also on the applicability of the Foreign Service Act and the Agency's regulations.

Q: How was the situation in Peru at that time?

LAZAR: Feudal would describe it. You had this oligarchic structure where political, economic, social and cultural power were all concentrated in this one single group. I remember seeing when

I got there ads in the newspapers saying "For Sale - a hacienda, somewhere up in the mountains, with so many hectares, so many head of cattle, so many Indians." This all went with the hacienda. The Indians weren't actually serfs but were treated that way. They were free to leave, but that would have meant leaving their communities which was pretty unthinkable at the time. It was just starting to get thinkable.

Two things were happening that fascinated me at that time and continue to do so. One of the two most revolutionary influences, I would say in Latin America, if not throughout the world, in the 1960s. One was the transistor radio and the other was the truck, big trucks that could handle those bad roads. This made it possible for people to go 30 miles, but over a mountain, into a town that had a bigger market than their local market and come back the same day. They could even go into one of the large cities, which would have been an impossible walk. Before, the whole world of these people was their unchanging villages and their valleys - which they seldom left. Now they could see that not everyone did things the way they did, that there were differences and changes.

I can imagine what some people must have thought when they found out that over there in that big, big city, which they may have heard of but never visited before, people have stuff in holes in their walls which keep out the cold wind. If you want to get rid of the smoke, you can open them. The holes in the traditional Andean houses were essentially smoke holes that let in some light. But they were cold.

I can imagine what would have been their reaction when they found out that in many of those places, people eat three or four times a day instead of just once.

What happens when you start seeing those things? What happens when a kid's uncle or cousin gets a job as a truck driver and drives into the village and says, "Let me take the kid down to Lima. I'll be back in a few weeks and will bring him back?" That kid's life is never going to be the same, nor his parents, nor his community, when you get enough of it.

The transistor battery run radios were having the same effect - opening people to the notion that not everyone lived or believed as they did. The Maryknoll Order was working up in the mountains and passing out transistor radios which had a crystal which picked up just their radio station. Some of Fidel's people were up there too also passing out transistor radios with the crystal that picked up Radio Havana. They would also take the Maryknoll radios and change the crystal. Then the Maryknollers would run around and take the transistors back and change the crystals back to their crystals. So, there was that kind of thing going on too, although I don't remember any guerilla activity at the time up there.

Q: But, people were being opened up to the world.

LAZAR: Yes. Jumping ahead a little bit, Bolivia, which was my next post after Peru, had had its revolution in 1952, a wide spread revolution. If you traveled in the countryside in Peru and you came across an Indian or group of Indians, the men would take off their hats and look down at their feet and you could almost hear them thinking, "Please just go away. If you do anything it is not going to be good and is liable to be bad, so please just go away." If you talked to their

cousins, in Bolivia, at the same time, the people who had had their revolution, they wouldn't take off their hats and might be a little surly. You might pick up, if you tried to interact with them, a little bit of a challenge, a little bit of almost "I'm not going to take my hat off to you." The difference was very striking.

Q: What was the program like? What were we trying to do in our program at that time?

LAZAR: Trying first of all to pull those servicios in and get those programs under control and then to shape them into a more coherent program, although that came later. They still continued to run as unrelated programs, but now under a single mission director. It didn't start occurring to us until later that you could start to pull all of those things together so that they made overall contributions to the development of the country rather than operating them individually.

Q: Were the servicios doing any good?

LAZAR: Yes, they were.

Q: Which ones did they have in Peru at the time?

LAZAR: Transportation, education, health, and agriculture are the ones that I remember. They weren't as effective as they could have been. I don't think they were as effective as those programs eventually became. But the education servicio was doing teacher training and working on textbooks which were then printed in Mexico under the ARTAC (regional technical aids) program.

I remember one early insight into the government. We went up to talk to the Minister of Education about something and his desk was covered and piled a good four feet high with checks that he was signing. He apologized to us saying that he was just signing checks and we had his full attention. I couldn't imagine what all those checks were for. My colleague, who I had accompanied to that meeting and who was the head of our education program told me what those checks were. Those were the pay checks for all of the teachers in Peru. They all had to be countersigned by the minister. That is the old Spanish colonial way. The only way you can insure against theft, or, if you want to be cynical, assure that if there is any you are getting your piece of it, is by personally putting your hand on every piece of paper--sign every check, sign every voucher. That is still going on in some countries in Latin America today. I worked on an evaluation in Guatemala three years ago and this was still going on and causing fits with some AID programs because it just slowed everything down. So, that was quite an insight.

One point that you mention is outstanding characters that one has met. I was very lucky, the Mission Director down there was Bob Culbertson who was one of the agency's all stars. Bob had come out of public administration. He had worked with the Ford Foundation, I think, in Pakistan and had gotten picked up. I think Peru may have been his first mission, I am not sure. He was a marvelous guy to train under. He and I had kind of an understanding early on that in some respects this was a training assignment, not training as a lawyer, but helping to expose me to AID and what development was all about. This was a marvelous break. I had a series of these breaks along the line. I went from Bob Culbertson to Alex Firfer in Bolivia to Irv Tragen. These

were three guys who in various ways were development geniuses. So, I had some good bosses and good training.

Q: Anything else about the program in Peru at that time?

LAZAR: There is one story which I think may be instructive or at any rate it may be amusing. After we had been there for awhile, the president was President Belinda who represented a slight shift in power from the old oligarches to the upper middle class, which we supported and, therefore, we were anxious to support Belinda. Belinda, an architect, had a dream of a road going through the jungle which would open up the whole Amazon side of Peru. Development tends to be right along the coast in the lowlands and then in a few larger cities. The jungle area is still undeveloped. Well, he wanted to build a road right below the eastern most Andean spine which would then lead to feeder roads going down into the jungle areas. We thought at the time it was kind of a nutty idea. He had campaigned on it. The embassy wanted us to do it but we didn't want to do it. This was not the first time nor the last time that I have been involved in a situation where the embassy was dying to be able to use AID money to accomplish some rather short term political purposes. We finally went along to the extent of saying we would do a feasibility study. So, we went to President Belinda who had worked with us before and said we had to do a feasibility study before we could approve anything. He came up with this famous saying, "If Christopher Columbus had come to you guys for money to finance his trips to the New World, he would still be waiting for the results of the feasibility study." This may have been true!

Anyway, there was a military coup because Belinda, representing a very slight shift in power from the oligarches to the upper middle class, was still too revolutionary for the military, which represented the interests of the oligarchy.

Q: Did we do the feasibility study?

LAZAR: I don't remember whether we did or not, I think we may have. But, the military didn't want to see that road, so if we were undertaking it, they would have shut it down.

The military coup pretty well stopped the AID program in Peru at the time. This was in 1965 and was the Alliance for Progress era which started in 1964.

Q: Why don't we talk a little bit about the Alliance for Progress. What did you understand about its purpose, approach, etc.?

LAZAR: I understood its purpose, which I though very wise, to assure that people in Latin America were given an alternative to communism or to what they might see as the promise of communism through development programs that worked and actively improved their lives so they could see that improvement taking place. Through democratization, not only getting the benefits of development in an economics sense but getting the benefits of development in a political sense. Getting in and participating in power. It was a kind of a crusade for a lot of us. It was something we could really throw ourselves into and we did.

We noted that at Punta del Este, which is where this program was announced, there was an

announcement that this would take place over a period of ten years. I didn't think much about that then, but assumed that that was probably President Kennedy's estimate of the kind of time frame he thought the American people would be prepared to accept for such aid. I figured it would take longer and you would worry about the limitation later. It wasn't until many years later that I realized that Richard Goodwin, the speech writer who wrote the speech and was one of the people who actually put the program together, really believed it could be done in ten years. Ten years was a hard figure as far as he was concerned. I thought of that most recently when we put together the Dayton Accords for Bosnia. I couldn't help but wonder if Dick Holbrook really thought he could do this in a year or was it at that point somebody's idea of how far out in front of the American people you could get with an idea like that.

The Alliance was exciting and it excited not just us but a lot of the Latin Americans.
Q: Was it motivated to counter a communist threat? Was that a real threat?

LAZAR: I don't know if it was a real threat. There were indigenous guerrilla groups around, and of course, many more of them later on. In later years there were, as I said, some of Castro's people running around changing crystals on radios in an attempt to get people listening to Radio Havana. There was a certain amount of that activity.

You did have people like Juan Lechin in Bolivia, the head of the miners union, which had been very powerful in the revolution, making noises which sounded an awful lot like communism. Even the father of the revolution, who became president, Paz Estenssoro, in that revolutionary phase there was a lot of communist rhetoric running around. The reason we got into Bolivia and stayed in Bolivia well after we had a real foreign policy interest there I would say, was that President Eisenhower was a great believer in the theory that the way to stop the communists and the way to stop the communists in Bolivia and in general was to pour a lot of money in there for development. He'd seen it work in the Marshall Plan. Of course, the two situations were utterly different.

Q: Was there any particular strategy for the Alliance for Progress or was there just a general offer of assistance?

LAZAR: The overall strategy was development, as we knew it at the time. Increasing agricultural production, making education better and more accessible, roads, transportation, more and better public health. I don't remember the document talking much about public administration, although for a while there was a very heavy emphasis on that. There was the theory that you do this and it will lead to democratization. The word democracy was used in Punta del Este and was the focus of the exercise, democracy as opposed to communism.

Q: Were there any particular programmatic efforts in democracy that were part of this?

LAZAR: No, it was an assumption that improvement in these fields would lead to democracy. The assumption may have been more in the negative sense. You will maintain democracy, meaning you will fight off communism by doing these things.

Q: Were there any conditions associated with the Alliance for Progress?

LAZAR: Only in a very general way, not the way our aid came to be conditioned years later. There were conditions attached to projects, but they were project specific. The idea of conditioning country programs on overall steps being taken by the government, either in an economic sense or in a political sense, I had seen in Korea in 1962-3 when I did a TDY while in the General Counsel's office. They were conditioning our assistance on the government of Korea taking a certain number of specific macro economic steps.

Q: But, this was not the case with the Alliance for Progress? There were not specific requirements to become eligible for assistance?

LAZAR: No, not until years later, other than the government being democratic, which meant neither communist nor military. The Alliance for Progress did not like military governments.

Q: Were there many democratic governments at the time?

LAZAR: There were elected governments, which in Latin America at the time was not the same....

Q: Well, anything more on the Peru element?

LAZAR: Can't think of anything.

Q: Okay. What happened after your Peru assignment?

LAZAR: The advent of the military government plus that government's threatening to appropriate a US oil concession, La Brea/Parenas, which had become a big nationalist cause, caused Washington, with the ambassador's strong concurrence, to suspend the aid program. Meanwhile my job in Peru was regional. I was covering Bolivia and Ecuador and occasionally Chile, out of Lima. As the aid program cranked down in Peru I did more and more traveling, spending a lot of time in Bolivia and Ecuador.

Q: Any particular issues you were dealing with in those countries at that time?

LAZAR: One specific set of issues that took a lot of time was the business of closing down those servicios, which were still going on. Remember the bulk of the employees of those servicios were nationals. The co-chairman and the treasurer were Americans and there was American technical assistance, but the bulk of the employees had been government employees who had come over and joined the servicios. The way a number of those agreements had been written, it wasn't clear whose employees they were. Whether they continued to be employees of their own governments or had some how become employees of the United States. Of course, we always took the position that they were employees of their own governments, but some of those agreements weren't always that clear. Some of the employees had 20 or 25 years of service and being an employee of the United States would have meant considerably more in retirement than what they would likely get from their governments. So, that was a big issue.

In one case they put our mission director in jail in Bolivia years later. It was still unresolved.

Q: How did you resolve the question of whose employees they were?

LAZAR: Any way we could. We sometimes got the government to simply say they were employees of the government. We refused to go to court on the issue on the basis of sovereign immunity. We didn't think we would get much of a fair shake on the issue in the local courts, so we negotiated and paid lump sums. It was handled different ways in different countries.

In a few countries those servicios were actually absorbed back into the parent ministries. In some of those cases the people who had been in the servicios actually took over the ministry and changed the administrative structure. They took the administration that they had found in the servicio and put it into effect in the ministries, which is the damnedest public administration impact you could imagine.

Q: Did that work?

LAZAR: Yes, it did in some cases. They had come out of the servicios inspired by what they saw and inspired by the way business was done. That was never the purpose of the servicios. It was pure serendipity!

Q: Never to build local capacity in government?

LAZAR: No, that was never foreseen as one of the long range results. I wish it had been. More could have been done.

MARSHALL D. BROWN
Peace Corps Volunteer
Tacna and Chiclayo (1962-1964*)*

Marshall D. Brown was born in California on January 1, 1940. He obtained a B.A. and a M.A. from Stanford University. He was a Peace Corps Volunteer in Peru and joined AID in 1965. He served in Brazil and was USAID director to Honduras and Egypt. In Washington, D.C., he worked for the Development Resources Office, and the Latin American Bureau. He retired in June, 1995 and was interviewed by W. Haven North on December 4, 1996.

BROWN: Foreign Affairs and Communist Theory. I wrote my thesis on the Sino-Soviet Conflict in the Third World-a hot subject at the time. And with the Peace Corps having been created during my graduate year, and the glamour of the Kennedy Administration generally, I decided I would join the Peace Corps and see the third world.

Q: What year was this?

BROWN: That was 1962. I was in one of the early groups that went to Peru, and ended up working in an AID-sponsored home savings and loan development program. It was a fascinating experience. After those two years I decided that I wanted to work in economic development- improving people's lives and getting paid for it as well! At that point in my life, diplomacy seemed stuffy and remote by comparison.

Q: But you were working with the design of loan projects? Or were you in the mission?

BROWN: No. I actually went down to Peru as part of a community development group. However, when I got there and was supposed to go into action as a "community developer," I kind of came to a halt. I said to myself, "Gee, I don't do this very well." When I joined the Peace Corps I had been idealistic and a little naive, and I thought I was a "doer", but it turned out I was a "thinker" instead. I floundered around for several months, trying to resurrect a mismanaged credit union, and finally discovered there was an AID program just getting under way- a loan project to create a central mortgage bank and a series of mutual savings and loan associations. A volunteer from another group, a lawyer from Chicago named Bruce Panner, was already working in the program. He invited me to join him. He didn't have to ask twice. Building on my now-irrelevant expertise in foreign affairs and Communist theory, I read savings and loan manuals at night to stay one step ahead of the people I would be working with the next day.

Q: What was the loan program?

BROWN: Creating a nationwide home savings and loan system. After interning in one of the savings and loan associations, I was sent out to a secondary city to establish a new S&L. That entailed working with a preselected, local business leader to mobilize a board of directors, and to explain how one could mobilize savings from the public and then lend it out to people to finance lower middle income housing. There was no long term mortgage finance available in Peru in those years, except for the very wealthy, and that was very short term financing. So, in two different cities, Tacna in the south and Chiclayo in the north, I organized savings and loans and got them chartered. That involved legal incorporation, developing a budget and a business plan, renting and equipping an office, hiring and orienting staff, developing an advertising plan, and then opening up for business.

Q: There were a series of loan offices around the country? Or just one?

BROWN: By the time I left Peru, there were probably 12 to 15 associations around the country, with three or four in Lima too.

Q: How did that work?

BROWN: It was very successful. It was a great example of early AID technology transfer-the long term mortgage lending and savings mobilization concepts. In the second city I worked in, Chiclayo, I think we had attracted over a million "soles" in a matter of months. I don't remember what the exchange rate was, but mobilizing a million of anything was pretty good, considering we were starting from scratch with a new concept. I wrote an investing plan and sent it to the National Housing Bank in Lima (our central bank and regulatory agency), and within a few

weeks received a deposit for several million more soles. I was astounded at what a few well-chosen words had produced. We used this cash advance, or “seed capital”, to launch a large scale home financing program to show that we were for real. This attracted even more savings. One of the interesting things was that they fired the manager who had been hired in Chiclayo. He was a retired Peruvian Air Force Major. It turned out that he drank too much, and didn’t like answering to the board of directors. So, they fired him. The president of the board, Arturo Pastor Bogging, who was a marvelous person, and an ex-political radical turned businessman, said to me, "Well, you're here, and you're free, so we'll make you acting savings and loan manager." So, unbeknownst to the image-obsessed Peace Corps Country Director, Frank Mankiewicz, I served as the acting savings and loan manager for the last six months of my tour. I developed our advertising campaign, negotiated a premium interest rate on our cash advance from Lima with a local bank, recommended to the board who qualified and who didn’t for loans and made executive decisions. It was very satisfying, and a lot of fun. When I advised Frank Mankiewicz, the PC Country Director, of our success, he wrote me a letter saying, “Congratulations, you may have presided over the first marriage of commerce and social change in Peruvian history.” Since Frank was a Liberal’s liberal, very anti-AID and highly skeptical of my involvement in this AID project, I regarded that as strong praise. Of course, I never told him about being the acting manager-or having lunch every day in the local businessmen’s club. I think I got a certain perverse satisfaction out of skirting organizational rules.

Q: This was at the center?

BROWN: That was in Chiclayo, an agricultural center of 200,000 people in northern Peru.

Q: I see. How many members were there of the association?

BROWN: There were probably 500 savers, maybe 1,000 by the time I left. We were authorized by law to pay 1% more than the commercial banks, and that was a nice advantage. We exploited that in advertising, and attracted savings-savings which had been in the banks by the pure savers and savings which had been in mattresses by lower income people who looked forward someday to getting a home loan. When I was about to leave, Arturo Pastor asked me, "Why don't you stay on and we'll pay you to be our permanent manager". But I said, "No, I think I'll go back and try something else." I’ve always wondered if I didn't make a mistake. I might have ended up as a S&L mogul back in the U.S.!

Q: What size loans were they talking about here?

BROWN: Lower middle income housing was the bulk of the lending; that was for housing up to the sole equivalent of a $4,000 maximum. We also had home improvement loans for lower income people who didn’t have title to their homes, or huts in some cases,. These loans ranged from $100 to $1,000 equivalent in local currency. I devoted a lot of effort to getting this level of lending going. The board was much more skeptical; I think they agreed largely because they respected me rather than thought such unsecured lending was a good idea.

Q: Did you have a problem with default?

BROWN: No. The borrowers took their repayment obligations seriously, and they didn't want to risk losing their homes.

Q: How were you able to judge who should be a reliable borrower?

BROWN: The larger loans were secured by mortgages, and the borrowers had to have a certain income level and steady employment. They had to be able to repay their loan with no more than 25% of their monthly income, over 20 years at 12% interest The home improvement loans were really character loans. We sometimes looked for guarantees by employers, other times guarantees by other parties. And sometimes, just the person himself...his reputation.

Q: So, it really grew rapidly. It was in big demand.

BROWN: There was strong demand. And it become a real success story. That's why I really got excited about work for AID, seeing the impact one could have leveraging money and introducing new financial concepts.

Q: And this was initially capitalized by AID?

BROWN: There was an AID loan of $7.5 million dollars to the newly created Peruvian home loan bank, the National Housing Bank.. The Peruvian government put up a matching amount in local currency. So, they had $15 million dollars to put in as seed capital in these various associations to get construction up and going and show results while these systems were trying to mobilize savings for the long term support of the system. The Peruvian system actually was a lot better than the system in Chile, which was a "contract savings" system where every saver also had a claim to a loan. And, of course, that doesn't work because by definition you have more housing demand than savings supply. You obviously have to have more savers than you have borrowers for the system to work. The initial Chilean system eventually failed because it was not based on attracting savings.

Q: But you found people were willing to put their savings into this operation?

BROWN: Well, they liked the interest rate premium we were paying, which was better than they could get in the commercial banks. Plus we advertised that their savings were protected by the equivalent of our Federal Home Loan Bank, the National Housing Bank of Peru.

CURTIS C. CUTTER
Political Officer
Lima (1962-1965)

Curtis C. Cutter was born in Sacramento, California on October 27, 1928. He attended the University of California at Berkeley and then entered the US Army. He joined the Foreign Service in 1958 and served in Cambodia, Peru, Brazil, and Spain. Mr. Cutter retired in 1978 and was interviewed by Charles Stuart Kennedy

in 1992.

CUTTER: It was a fascinating three years. I arrived there at the time that the military junta had come into power, nullifying the elections of 1961, and were allowing all of the same candidates to recontest the election in 1962. They allowed all of the same candidates, with the exception of the Christian Democrat, who dropped out of the race and threw his support to Belaunde Terry, who was the Accion Popular [Popular Action] candidate. As we in the Embassy set about analyzing what was happening in the elections, there were two streams of thought. One was that the Apristas [APRA -- American Popular Revolutionary Alliance] were unbeatable. Although they'd won in 1961 and the military hadn't been willing to accept them, they would win again in 1962. There was no way of beating them. They were the mass based party. But if you looked at the election returns of 1961, you could see that it had almost been one-third, one-third, and one-third; 30% each, with three parties, Odrista, APRA, and Accion Popular, and with the other 10% going to the Christian Democrats, who had now thrown their support to Belaunde. Simple mathematics seemed to say that, if everybody goes back to the polls and votes the way that they did before, Belaunde will win. So we in the Political Section made that our prediction. The DCM [Deputy Chief of Mission] and the Agency people were absolutely convinced that the Apristas were going to win. We had to take this issue to the ambassador, who at the time was J. Wesley Jones, and argue our case. He came down on our side. As a result we went on the record predicting that Accion Popular would win in the elections.

Q: *I think that that is very interesting for somebody looking at how the Foreign Service operates. Here is the Political Section. In a way an election is not all election, but by calling an election correctly this establishes credentials for other times when...Is this how you felt about it? Or was it just a game?*

CUTTER: No, it wasn't just a game. In many respects it became an internal struggle because in the Political Section we felt it was very important that we begin to make contacts with Accion Popular, as we were predicting that they were going to win the thing. The Embassy traditionally had almost no contacts in that sector of Peruvian society. The previous ambassador, James Loeb, had had very strong contacts with the Apristas...

Q: *James Loeb was a non-career ambassador from New York.*

CUTTER: He was a publisher in the newspaper business and very strongly committed to the Apristas. As a matter of fact, once they had lost the election and were thrown out, he had to leave the country because the military identified him very closely with the Apristas. We made a very strong effort to get out and develop ties with the new, emerging people in Accion Popular. Several of the people I nominated for leader grants -- one had the famous family name of Mariategui. And as you may or may not know, Jose Carlos Mariategui is one of the most famous names in Peruvian politics. Both the Apristas and the communists claimed him as their founder. His "Seven Essays Interpreting Peruvian Reality" were a fundamental work there. His son, Sandro Mariategui, a very close adviser of Belaunde's, was looked on by some in the Embassy as a communist. He was one of the people I recommended as a leader grantee. When his name went before the Consular Section, they told me that there was no way in which they could send this person to the States. They said that he was a communist. I said, "What proof do you have that

this man's a communist?" They immediately trotted out the fact that he had spoken at several communist rallies. I very quickly pointed out to them that these rallies were, in effect, rallies in honor of his father, Jose Carlo Mariategui, and that it was perfectly normal for a son, on an occasion when his father was being honored, to stand up and say a few words in honor of his father. Eventually, it was resolved in favor of his going on a leader grant, and he was the first minister of finance in the first Belaunde government. There were some bloody, bureaucratic battles over, not only Mariategui, but several other people we proposed as leader grantees, because they were looked on as dangerous leftists, in the Peruvian political scheme at that time.

So it wasn't just a game. It wasn't just adding things up. It was really trying to look ahead to predict who will be in control and trying to have some kind of contact and influence with those people before they actually came to power. Once people are in power, it's an entirely different thing to go to
them and try and win their confidence and become intimate with them than it is before they're in power.

Q: *Well, I take it, too, that in Peru, as in other places, people were looking at where the United States, through its Embassy, was coming down, didn't they?*

CUTTER: Whom they were backing?

Q: *Whom they were backing, whom they were contacting, that type of thing.*

CUTTER: Yes, I think that all during the Cold War this was a major problem for us, everywhere in the world. I think that a lot of missions felt some restrictions in contacting people who could in any way be identified as being too far to the Left. In many countries in Latin America those were the very people who were going to shape society. For good or for bad, they were people who, I think it was extremely important, for us to know and to be in touch with. There were a lot of constraints on doing that at that time. There were a lot of pressures, a lot of reasons why, I think, it was considered somewhat risky to develop ties and contacts and openings to those groups. It was looked at, from an overall point of view, as giving aid and encouragement to elements that were probably inimical to U. S. interests, if you had too great contacts in those areas.

Q: *So that the Cuban outcome, with Castro, weighed heavily on everything we did in Peru, would you say? We didn't want any more Castro's. Is this the...*

CUTTER: Yes, there was that. Very definitely that. No more Castro's. Certainly, the approach that was being taken early in the Kennedy years -- and in the Johnson years as well -- was that the way to beat communism is to be an active agent for social and economic reforms in Latin America.

Q: *So, you felt comfortable with how we were working there?*

CUTTER: Fortunately, in my situation I never felt that there were any wraps being put on us. You could go out and seek out the people that you felt were really going to be influential, no

matter how far to the Left they were. It wasn't going to have any immediate repercussions on your own career. And those were, in fact, the very people who probably were going to have a real impact in the long run on Peruvian society. They were, in fact, the only people in Peruvian society -- and in most of Latin America -- were the people on the Left who were talking in important ways about the kinds of changes that were necessary.

Q: *How did you feel about the role of the CIA at that time in Peru?*

CUTTER: You know, the people who were there, that I knew, in the Agency -- and I don't know how much we can...

Q: *Well, this is UNCLASSIFIED, but...*

CUTTER: Well, the people that I knew were very professional and probably as understanding of what the fundamental causes of political unrest were in Peru, as we were. While their major mission there was to keep a close eye on the very radical, militarized Left, there was a clear understanding on their part that social and economic change was necessary. Elements of society that were willing to do this in a democratic way were to be encouraged, even if they were fairly radical in their approach. As long as they were willing to stay within the constitutional boundaries, they were people to be considered seriously. This was not always the case in Latin America. I think that the Agency has had a reputation which it has earned of supporting elements which were very reactionary.

Q: *How about our military? Here you had a military junta taking over for a while. Were they overly comfortable with this or not?*

CUTTER: Well, the Peruvian military is very unique in many respects. It had had a very strong, radical element in its Center of Higher Military Studies (CAEM) for a number of years. Some of the farthest Left of the democratic elements in the country were professors at the Military Institute. Most of the military officer corps came from what I would call lower middle class Peruvian society. So the Peruvian military was not a reactionary force at all, in the Peruvian context. It was, in many respects, a radical force. If you take a look at what happened when the military came back into power late in the 1960's and during the 1970's, you can see that they really were, in many respects, one of the most radical elements in Peruvian society. They were not tied to the oligarchy in the way the military is in many countries in Latin America. They brought about some of the most radical social and economic change that ever has been carried out in Peru, once they were in power, after they threw Belaunde out in 1968.

The relationship between our military and the Peruvian military was always rather distant. It wasn't a close one. It became especially distant when we refused to give them...The big issue, of course, was the F-5.

Q: *The F-5 being an all-purpose, small jet aircraft?*

CUTTER: Very easy to maintain, a modular aircraft. You could take off units and put new units on it. And the Peruvians wanted it. We had actually designed it pretty much for those kinds of

conditions. I was, by then, back in Washington as the desk officer for Peru. We very strongly supported selling the F-5 to Peru because the alternative was that they were going to turn to the French or the Russians and get equipment from them. I'm jumping around here...

Q: *That's all right.*

CUTTER: Congress felt, for a number of reasons, the IPC case, this all gets very complicated. The IPC case...

Q: *The IPC is the International Petroleum Company, which...*

CUTTER: The military was going to nationalize. That was part of the problem, but a major part of the problem was that there were people in Congress who felt that you shouldn't be selling sophisticated aircraft to these poor countries. If they had limited budgets, those budgets were better dedicated to economic, education, and health things than spending on sophisticated airplanes. But what they weren't willing to understand was that the military had the power to determine what percentage of the budget they were going to get. They were going to buy aircraft whether we wanted them to do so or not. In many respects it was far better for them to buy the F-5, which was a relatively inexpensive aircraft, and very inexpensive to maintain, than to buy an aircraft like the Mirage, which was a very complicated airplane, a very sophisticated airplane, and much more expensive. When we refused to sell them the F-5, under pressure from Congress, it became politically unfeasible for the Administration to fight it. They immediately turned to the French, bought the Mirage, and that began a division, a split, that became ever wider between the U. S. and Peru. They began to turn more and more to the Soviets, not just the French, but the Soviets, for military equipment and advice. As we began to enact certain other measures to punish them for their actions on the IPC case, to slow down our military aid program, and to do a number of other things, the Peruvians just became more and more convinced that we were not a long term partner. They got more and more comfortable in dealing with the Soviets and dealing with the French and accepting aid from wherever it would come from. I think this began a period of slide in U. S. relations with Peru which probably had very negative effects in the long run, mainly in Peru, of course, but also in our interests in Latin America.

Q: *Well, was the Alliance for Progress doing much while you were there in Peru?*

CUTTER: Yes, they were doing a lot, and we had the Peace Corps there. It was a time when, certainly from 1962 on, when Belaunde (Fernando Belaunde Terry) was in power. His programs were tailor made for the Alliance for Progress. It was a kind of movement where he wanted to get out to the grass roots. He had a program of "picos y palos para la revolucion sin balas," picks and shovels for the revolution without bullets. That fit right in with the Alliance concept that you had to get out there and start building infrastructure. You had Peace Corps people all over Peru, you had a lot of programs which were designed to dovetail with the Alliance for Progress. Then, of course, Belaunde had his great dream of the Marginal Highway of the Andes, whereby he was going to build this super highway from the South of Peru to the North east of the Andes and open up all of that area, which was basically virgin country, for population settlement. People could move there and homestead, and this would stop the campesinos from moving to Lima and concentrating in the shanty towns there.

The trouble was that in many ways it became an obsession for him to get this road finished. More and more of the resources available for Peruvian development were concentrated on building the highway. More and more political problems began to grow up around his focus on this one project. That, plus the corruption which seeped into the government -- not at the presidential level, but at the cabinet level. You know, they have a two-tier system. The president does have the power to rule and reign, but he has a prime minister under the Peruvian Constitution. The prime minister, Manuel Ulloa, unfortunately, was a corrupt individual, who brought in a number of people who were not as interested in social change, social reform, as the president was. The military, after a while, became very frustrated with the speed of development, the speed of social change and eventually this. along with the confrontation with the US over the IPC case, eventually led to a military takeover.

Q: *The military takeover occurred when?*

CUTTER: As I recall, it was October of 1968.

Q: *Well, the new administration in Peru had come in when you were in Lima. Is that right?*

CUTTER: Right.

Q: *Because of these contacts, how did that work?*

CUTTER: It went rather smoothly. I think that we had ameliorated the feeling that the U. S. was antagonistic toward them to a great extent by the time Belaunde took office. Of course, Belaunde himself was very pro- American. He was educated here in the U. S., was completely bilingual in English. He graduated as an architect from the University of Texas and taught at the University of Miami. He had long and close ties with the U. S., so, although he was definitely a reformer and saw that some of our actions in Peru had not been in favor of that, he was prepared to work with Kennedy, very definitely, and with Johnson. I think that working relationships, almost from the beginning, were good.

The IPC case, however, always hung over U. S.-Peruvian relations as a problem that had to be solved. Pressures to nationalize the major petroleum producer in the country had always been strong and there had always been a commitment on the part of Belaunde's party to nationalize it. This was a problem which was under constant negotiation during that time period.

Q: *Did you get any feel from the IPC people as to how they were treating this? Were they understanding of this?*

CUTTER: This was a subsidiary of EXXON. EXXON took very much of a big picture view of this. This was a very small operation for them. It was a profitable one and, in many respects, a very useful one for Peru. I think that they were willing to negotiate out a solution, but they wanted compensation, and adequate compensation. That was the sticking point. The Peruvians felt that the IPC had long since amortized their investment there, that compensation should be very minimal. IPC felt that this was a very valuable resource and could see this case being used

as a precedent in other countries. Exxon wasn't prepared to write the IPC off without giving it a good, college try. Of course, we had the Hickenlooper Amendment on the books.

Q: *Could you explain, for the record, what the Hickenlooper Amendment was?*

CUTTER: It was an amendment which said in rough terms that there could not be any expropriation without just compensation. If there was, in fact, expropriation without compensation, the U. S. would have to take this into consideration in any of its programs in the different countries and would have to cut back on its assistance.

Q: *Well, when did the expropriation of the IPC occur? Did it happen when you were...*

CUTTER: No. It occurred when I was on the desk in Washington. We did, in effect, freeze all of our programs in Peru. We never publicly acknowledged that. We told the Peruvians, in fact, that as long as they were dragging their feet on the question of compensation, it was going to be difficult for us to resolve some of these other issues.

ERNEST V. SIRACUSA
Deputy Chief of Mission
Lima (1963-1969)

Ernest V. Siracusa was born in California on November 30, 1918. He obtained a B.A. from Stanford University. He had service in the U.S. Navy during the Second World War an spent one year at MIT as a graduate student in economics. He served in Buenos Aires, Rome, Lima. He was ambassador to La Paz and Montevideo. He was also in the U.N. as an advisor on Latin America. He retired in March 1974. He was interviewed by Hank Zivetz in June 1989.

Q: *Let's move on to your position as deputy chief of mission in Peru. You were present when a military coup ousted Belaunde Terry, what were the factors that led up to his being overthrown and was the United States in any way implicated?*

SIRACUSA: The answer to the last, were we implicated, is clearly no. On the other hand the factors that led up to his being ousted were a whole five and a half year history of his regime in which we were clearly involved in the focal issue facing the country which ultimately led to the military throwing him out. So that becomes a complex story. Maybe I had better start at the beginning.

I was at the USUN and I went on home leave at Christmas time after the missile crisis was resolved. When I returned to New York at the end of January, Governor Stevenson told me that Ambassador John Wesley Jones, a career officer just assigned to Peru, (last post Ambassador to Libya) had come to New York to meet me, and invite me to go to Lima as his Deputy Chief of Mission. (The Ambassador had no previous Latin American service and, I understand, Ralph Dungan following LA affairs in the White House had suggested me).

The governor said he did not want me to leave, but did not want to stand in my way if I felt it would be something I wanted to do. I told him I would like to think about it a while, but I knew what I wanted to do if my wife agreed as I was sure she would.

I had already achieved out of the UN assignment everything that I wanted from it. Also ,it was not the kind of thing I was interested in for the long run and nothing, I thought, could equal what I had already experienced in the few months I had been there. Furthermore, I really wanted to get back to Latin America and the chance of going to Peru as Deputy Chief of Mission appealed to me greatly as next career step. So it was agreed I could go in the summer which would jibe with the time the DCM in Lima would be leaving. For the next several months of relatively slack time at the UN I enjoyed serving on our delegation to the Trusteeship Council and doing other odd jobs.

After attending the Bobby Kennedy-mandated "Counter-Insurgency Course" at the Foreign Service Institute, I arrived in Lima in early October, 1963. There, for the first time, I met "Johnny" Jones, surely one of the great gentlemen of the Service and with whom I had the great privilege of serving for nearly six years -- an almost unprecedentedly long association in our Service.

Fernando Belaunde Terry, had recently been inaugurated President. A bit more that a year before, when it appeared that the old leftist liberal, Victor Raul Haya de la Torre, had won an election the military had nullified the results. However, such act was anathema to the Kennedy Administration, just starting to launch its Alliance for Progress, and strong US pressure was exerted to induce the military to call a new election which resulted in Belaunde's victory. (There was a long history of bad blood between the military and Haya and a strong military determination that he would never be President. Once, in the early fifties, Haya had spent 5 whole years in asylum in the Colombian Embassy, always under observation by the military to thwart a possible escape).

Belaunde was a very attractive, educated and sensitive man; an architect, a dreamer, a builder, an intellectual and a wonderful person. He always seemed to me out place as a politician (somewhat like my feelings for Adlai Stevenson) , even though he headed his own party, Accion Popular, made up mostly of young, aggressive nationalistic and leftist intellectuals and political activists.

Belaunde's great dream was his trans-Andean highway project, along the lower eastern slopes of the Andes on what he called the "eyebrow of the jungle." Here, he was convinced, was where Peru's future lay and he would tirelessly and eloquently expound his theories to all visitors, illustrating with elaborate mock-ups in full relief.

Belaunde was of a very good, upper class family, well off but not big rich or part of the so called oligarchy. (His uncle had served with distinction for many years as Peru's Ambassador to the UN and once, I believe, President of the General Assembly. When he died in New York the US showed him the unusual honor of flying his remains to Peru on a special military flight ordered by President Johnson.. It might also be said here, parenthetically, that Haya de la Torre, much more a leftist than Belaunde and once considered pro-communist -- although he was strongly

anti-communist during my years in Peru-was also of such a good family and even a relative of Peru's Cardinal.

In any case, Belaunde was enormously popular as Peru thus emerged from many years of dictatorship -- really since the Odria coup of 1948 -- and there was much hope that with the help of resources potentially available from the Alliance for Progress, the World and Inter-American Banks, the International Monetary Fund, etc. and with expanded foreign investment, an era of progress and growth might well be at hand. Also, by the time I arrived, Ambassador Jones had established a fine working relationship with the new President, a relationship of genuine friendship and mutual respect which was to continue unblemished, in spite of the difficulties which arose, during the five years Belaunde was President.

But the seeds of ultimate disaster were sown by Belaunde when, in his inaugural address on July 28, 1963, he promised that within 90 days he would solve the long-standing, bitter and emotional dispute between Peru and the International Petroleum Co (a subsidiary of Esso) over the oil fields of La Brea y Parinas in northern Peru. The dispute over IPC's title to these lands dated back to the last century and though submitted to arbitration by the King of Spain, his award, handed down in 1905, settled nothing as emotional and nationalistic feelings opposing any foreign ownership of natural resources, especially oil, collided with the legal rights which IPC firmly believed it had and with its willingness to defend them by all means at its disposal.

The policy of the powerful El Comercio newspaper to fan the flames with unrelenting incendiary attacks of any kind was a strongly contributing factor in the controversy. Also, the implacable animosity between the patriarch of the Miro Qeusada family, owner of El Comercio, and Pedro Beltran, ex-Prime Minister and owner of La Prensa newspaper, merely fanned the flames as Beltran's efforts to treat the matter at least with some degree of journalistic ethics led to charges and counter charges reflecting on the honor and patriotism of one or the other in this aspect IPC was unfortunately caught in the middle.

The reality of such an issue was that no one in Peru would speak up for IPC no matter the integrity of its rights and actions, except, perhaps, its higher ranking Peruvian officials. It was truly a no-win situation for the company, counseling every effort to seek a fair solution, and on the whole I believe it really tried.

Belaunde's ill-advised promise -- setting a deadline for himself on a problem which had been intractable for decades set the tone for everything that happened in the next five years and led, ultimately, to his overthrow by the military. Ironically this came only weeks after he had at last had reached a definitive settlement with IPC which did restore Peru's full sovereignty over the disputed territory and reserves and promised much needed new investment.

The American Embassy was involved; here we were starting off with a new, democratically elected government in an important Latin American country with which we wanted to have very strong and constructive relationships under the Alliance for Progress.(After all there were not that many democratic governments in Latin America at the time and Peru could serve as a model) We had a large and growing Peace Corps contingent to work at the level of the people of lowest standing, and we saw only two things which could possibly thwart our efforts to maybe

made a showcase of Peru; on the one hand was the IPC case and on the other the territorial waters fisheries dispute.

Peru, Ecuador and Chile had joined to assert their novel doctrine of sovereignty over the adjacent seas up to 200 miles while our firmly held doctrine was the and traditional 3-mile limit asserted by maritime powers for centuries. The then still large US Tuna fleet (with Congressional backing which insured against loss if interfered with) was in no way disposed to respect Peru's claim while the Peruvian Navy was strongly and patriotically disposed to enforce it. The seeds of conflict thus were ready to sprout with potentially dire consequence. Peru, as had Chile and Ecuador, lost no time in making the marginal sea claim a fervent expression of patriotism to the point where unemotional and rational discourse of the subject was difficult at best. And even though I had many meetings with my counterpart in the Foreign Office on this subject the Secretary General and number two man, Javier Perez de Cuellar, later to achieve international stature and fame at the UN and attended two international conferences on it -- one in Chile and one in Buenos Aires -- no real reconciliation of views were achieved, at least in my time.

The reason that these two cases were so important in the context of U.S. objectives at the time was that either was capable of triggering punitive US. foreign aid "amendments" which could cut off all of our assistance which we hoped might make of Peru a model country for progress under the Alliance for Progress.. The Hickenlooper amendment, for example, would require in exactly six months the cutoff of all US assistance in the event of an expropriation without compensation -- i.e., confiscation -- and this would include not only Alliance for Progress aid but also special quotas under the Sugar Act, which were of real benefit to Peru. Likewise, the US would also oppose international agency loans to such a country since US contributions to such agencies was very large and our vote a powerful one.

So with these menacing possibilities in the background the US and the Embassy sought to do all it could to keep Belaunde from tripping over the trap -- the 90-day settlement pledge -- which he had set for himself.

The deadline of ninety days would expire sometime on October 28. Ambassador Jones, by the time I arrived, had set the tone of his mission there by establishing excellent relations with the President. He also had good contacts with political leaders in the Congress, with the business community, Peruvian as well as American, and with the opposition, including the Odristas, the Christian Democrats and, discreetly even with the APRA Party leaders as well, including Haya de la Torre when he was in the country annually (he would spend months lecturing at Oxford in England). Ambassador Jones became very popular with all concerned. He was a fine, professional, we had no better in our Service, and ideally suited for the difficult task he faced.

On the fisheries issue, in an effort to somewhat defuse on of the time bombs threatening his mission, Ambassador Jones succeeded early on in negotiating an informal modus operandi which effectively muffled the problem and soothed incidents which did occur for about two years or a bit more. During this time the Peruvians pretty much looked the other way or if a vessel was detained, a quick visit by an Embassy rep to the affected port would result in a "solution" without violence. Later we established a consular agency in northern Peru to be able to deal with such problems more promptly.

Once, about the middle of my long tour in Peru I happened to be on special assignment in Washington when a serious incident did occur. Capturing an American Tuna boat a Peruvian gunboat had machine gunned it with considerable superstructure damage but, fortunately, no serious injuries among the crew. San Diego Congressmen and others of the Tuna Lobby went ballistic and demanded punitive action. Our new Under Secretary of State, Eugene Rostow, an eminent international lawyer and brother of the more celebrated Walt Rostow, had been on the job about a week and was then Acting Secretary. He was so outraged by the Peruvian act, which violated his unemotional, legalistic and rational approach to a problem in international law, that he seemed disposed to order some destroyers to Peruvian waters.

An alarmed Assistant Secretary of State, grasping at any straw, told the Acting Secretary that I, with experience in dealing with the Peruvians on this subject, was at hand and he agreed to see me. I found him really outraged and much in the mood to take firm action but he did ask what I thought the Peruvians would do. I told him in effect that he could not expect Peruvians to act like Europeans might in such an event. Even though we were allies with Peru and that our Naval Mission there had effective contacts and a good program, he could expect the Peruvian Navy to take a most aggressive position. I said that should American destroyers appear in "their waters" on a disciplinary mission, it would be all too likely that a fervently patriotic Peruvian captain would relish to chance to attack a superior force even if defeat were certain.

Acting Secretary Rostow seemed almost disbelieving at first but, fortunately, contained his justified outrage and authorized the more traditional approach of Embassy representations and a "fix" for the Tuna Boat. It is to be noted that the Tuna Boats never lost as a generous Uncle Sam, through established legislation, always covered their losses then entered an always ignored claim against the offending government. "Tuna" congressmen, of course, knew this and after having captured hometown headlines by their demands in Washington for action, simmered down as well until the next round.

Our real worry was IPC. The whole five years history of that negotiation is something that I cannot go fully into here, but it was something of a never-never land tale which in retrospect seems not to have been the work of serious people. In part this reflected the often impractical and volatile personality of the President as he reacted to the multiple pressures brought to bear on him from the opposition parties, the media, the military and especially by the hot, nationalistic youth of his own Accion Popular Party.

I have no doubt that Belaunde wanted sincerely to solve this thing, but his technique was highly eccentric, often extremely so. Suddenly, for example, after long inaction he might decide he wanted to negotiate. So he would call the IPC representative and they might spend hours or even two or three days in a flurry of activity. They might even come to an agreement, with everything supposedly solved, and he would say:, "We will come back at six o'clock tonight and we will sign it". More than once the IPC reps would report with relief such a state of affairs to the Embassy, with a lift of optimism all around.

Then, we would hear, when they went back thinking it was fine, Belaunde would present them with a totally new paper stating with a straight face something like: "What we talked about

before was your proposal", and then, presenting them with a never before seen document, would say, "Here is the 'final solution'" and invite them to sign then and there. Hard as it may be to believe, that sort of thing or slight variation on it happened over and over again during the years of negotiations.

To put the best face on it for Belaunde, who I do not believe was a duplicitous person, I would have to say that political forces having a hold on him, especially the leftist elements of his own party, were the ones who reigned him in as whatever he thought he had achieved was not seen by the opposition before his seemingly capricious reversals.(As I got to know many of these young politicians in my years in Peru it became clear to me that the only finish agreeable to them would be the complete ouster of IPC so they could not have liked Belaunde's various "solutions") And there was always El Comercio and the certainty of its powerful attack on anything which did not seize IPC's titles and investment. But I'm getting somewhat ahead of the story and should return to the setting and events before October 28, 1963.

As far as the negotiations were concerned, the Embassy was never a participant and viewed its role as that of a facilitator or intermediary, a provider of good offices to do what it could to keep the parties on the track and seeking a solution. Our overriding objective was to keep these problems from muddying the waters for the Alliance for Progress, the Kennedy administration's premier policy for Latin America, which sought to promote accelerated economic progress and social reform in Peru as a means of serving US national interests in that region. As these problems were a major threat to that aim, our role was not to become involved in the negotiations directly, but to keep prodding both sides so they would keep negotiating so the process never completely broke down.

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SIRACUSA: Toward the end of the 90 day deadline, when there was much speculation as to how Belaunde would meet his promise, negotiations went into high gear, culminating at the eleventh hour, or so IPC thought, in a final accord. At the end some high officials had come from New York so as to make needed decisions on the spot. However, our feeling of relief was short lived as Belaunde, for the first time of what became all too familiar thereafter, pulled the rug out from under the whole thing and shifted his position 180 degrees. That was just before his deadline and it had other consequences affecting U.S. policy.

A bit of background is needed here. Just after Belaunde was inaugurated, Theodoro Moscoso, then the Administrator for the Alliance for Progress, visited Peru and, talking about the potential for assistance to the Peruvian government, mentioned that an initial concessionary loan of about 64.5 million dollars then being processed could be announced as a means of "improving the atmosphere" for a settlement. Looking back, one can see that Moscoso's discussion with Belaunde had in effect, if not in so many words, served to link American aid to progress on the IPC dispute. Later in the week before negotiations broke down and all seemed to be going smoothly Ambassador Jones was instructed to tell Belaunde that we were prepared to announce this loan and had done so.

Well when the president kicked the thing over, the Embassy recommended that we put the matter

on hold for a while, hoping it might help to stimulate Peru to early renewed talks and this was done. It was never the Embassy's intention that a freeze, so to speak, should be instituted. And, in fact, when negotiations were resumed early the following year, (we assumed in good faith) the Embassy recommended that we proceed with that particular loan and get on with our Alliance for Progress program. As the Embassy saw it, with the parties negotiating again, there was no justification for, in effect, applying the Hickenlooper Amendment The loan was ready and it was time to announce it. We wanted to do that so that IPC interests, in effect, would not be seen to dominate US policy. But, sadly, it did not happen even though, from time to time, AID did announce some lesser loans any did go forward with technical assistance and so on.

Thus what came to be known over the course of the next three years as a "freeze" was only selectively applied. At times the Embassy objected to it pretty strenuously because we felt it was not contributing to the solution but possibly hindering it. However, we finally learned that the interest in keeping up the pressure came from "the very highest level of the government" where this case was being followed. The occupant of the "highest level" of government was a man who was given to sudden and unpredictable changes of mind. With everything he must have had on his mind in those difficult days it seemed remarkable that he would enter into a relatively minor problem such as this. But we were told not uncertainly to ease up as decisions on this matter had to be cleared at the top, and sometimes it was "go" and sometimes "no go".

I would like to interject at this point that whoever is going to use this oral history and wants to find out in detail what happened during those years, should obtain from the Department of State an airgram which I personally dictated in early summer of 1969 when I was *Chargé d'Affaires* after the departure of Ambassador Jones and just before my own departure for home leave and then Bolivia. I was the only person left who had gone through nearly six years of intimate contact with this problem and felt the whole thing should be brought and documented in a single narrative. So I prepared and submitted this very long airgram, fully documented and referenced, as a chronological history of the ups and downs of the negotiation and the consequences. as seen from our perspective. I believe it to be a valuable reference and once was pleased to receive a letter from Luigi Einaudi, then holding a high position in the Department, who was most complimentary in saying he had found it very invaluable for whatever project he was working on at the time.

Q: *Did the so-called "freeze" prevent all cooperation between the US and Peru?*

SIRACUSA: Not by any means. We continued to have a very large Peace Corps contingent actively engaged in their good works and USAID had an extensive technical cooperation program active in many fields. At one time the Peace Corps had grown to about 600 Volunteers, or more, if I remember correctly, and Ambassador Jones concluded that so many volunteers could not be efficiently managed or adequately productive. So with cooperation of the Peace Corps management we set about to reduce the number, mostly by attrition. When we got back to about 300 volunteers we thought the number about right and they continued to conduct useful programs. The problem was that with the initial, idealistic enthusiasm for the Corps, it had just grown like topsy and needed to be refocused, as it was.

Incidentally, for historic interest I might relate an anecdote about the beginnings of the Corps in

Peru, related to me by Ambassador Jones. It seems that after President Kennedy announced the Corps' formation, the first director, Sargent Shriver, came to Peru to "sell" the idea. He met at our Ambassador's residence with the then Prime Minister, Pedro Beltran, a distinguished Peruvian and publisher of La Prensa. After making his pitch with passion and enthusiasm, Shriver was stunned by Beltran's response, more or less as follows: "Well, that's interesting. I'll take TWO"!! Apparently he did not understand what the US really had in mind and obviously did not stick with his original limit. The first Director in Peru was Frank Mankiewicz who got it off to such a flying start.

As for USAID in this period, we had two dedicated and able directors, Bill Dentzer and later Robert Culbertson who did their best to carry out an effective program given the informally imposed limitations. As mentioned, this was mostly technical assistance with modest supplemental financing and an occasional loan of relatively small scope, whenever the powers that be decided to allow such. Also, AID kept working on larger loan programs for significant infrastructure projects, always assuming that they should be ready to go when, as we hoped, normal activity would be allowed.

Q: *What was the internal situation during these years in these years?*

SIRACUSA: As you can imagine there was much political activity as Belaunde's relatively youthful, idealistic and "progressive" Accion Popular party was countered in the legislature by the APRistas, the Christian democrats and others all more or less jockeying for position and with a wary eye on the IPC matter and on how to respond to anything Belaunde might do, eventually. IPC was, emotionally, a central preoccupation of most literate Peruvians. Meanwhile, on the fringes, there were ominous developments foretelling future problems to come. We had some involvement in this so a bit of background is in order.

I mentioned earlier that before I left for Peru I had to take the Bobby Kennedy-mandated "Counter-Insurgency" course.(an odd intervention by the Attorney General, but such it was). The rationale was that as the Alliance for Progress stimulated accelerated social change and relieved the oppression under which the masses were held in place their expectations could rapidly outstrip any possible satisfaction through accompanying economic progress; thus they could be easy targets for extremist manipulators and Castro- inspired Marxists. It is to be remembered that Castro was riding high in those days and was considered to be a real subversive threat.

Out of such concerns there was developed the idea of forming in Peru a specially trained counter insurgency force which could maintain beneficial contact with the indigenous masses through civic action projects, financed in part by US aid and military "civic action" programs. When first proposed their was competition in Peru as to who would control the program. The US, wary of the military's interventionist potential and desiring a different image for the program, favored placing it in the Guardia Civil which was closer to the people. As the military would not have this it was finally decided to develop the force within the less known Guardia Republicana, essentially a corps of border and customs guards.

This being decided, rapid progress was made at the selected trans-Andean site of Mazamari and training, largely by CIA-type green-beret experts, got under way. The corps name of "Sinchis"

was adopted and the first public knowledge of them came when they surprisingly marched as a unit in the 28th of July, national holiday, parade wearing their distinctive Australian style slouch hats. I believe this was in 1967, but they were not yet ready to act in the guerilla outbreak which had already occurred, as feared and the Army had to deal with it.

This outbreak started ominously and with stark cruelty typical of terrorism. A patrol of about 15 Guardia Civil elements was ambushed I believe near Ayacucho (site of a most radical university) and slaughtered to a man. But not only were they killed, they were obviously subjected to cruel torture and mutilation, much of it clearly before death. This was the opening challenge, designed to instill fear and to intimidate. And the whole country appeared to be outraged and in shock -- all, that is, but Belaunde!

Belaunde's reaction was one of denial. Peru, he said, was an open democracy and guerilla activity by definition could not occur in such an atmosphere. He then said the massacre was the work of "abigeos" which sent me to the dictionary for a Spanish word I had never heard. The word meant cattle-rustlers!!! And, such was the naivete of idealistic Belaunde who remained in denial almost all the way through a difficult and bitter military campaign against the guerrillas until their defeat in a battle near Cuzco at a place called Mesa Pelada, bald mountain. Here the guerrillas were defeated and their leadership killed or captured. There was a nasty rumor at the time, but never confirmed, that the leader of the group was taken up in a helicopter and thrown out as a means of "reverse-intimidation". The Sinchis did not participate in this campaign as they were not ready yet but Belaunde's attitude did not help his poor image with the military who were to oust him about a year later.

As footnote I might mention that I am unaware of any activity undertaken by the Sinchis other than civic action before my departure from the country as guerrilla activity had been squelched, at least for a while, and I do not know the ultimate fate of the corps.. However-a note on the best of intentions being aborted.

One year after formal inauguration of the corps, Ambassador Jones flew to Mazamari to witness the first graduation ceremonies, complete with staged raids, parachute jumps, etc. and returned saying they looked quite impressive, able and well trained, as indeed they did. But a shoe was about to drop. The next day we learned that after the ceremony, the commander and several of his officers flew to a neighboring town to do a bit of celebrating and whoring around. For this purpose they used a sophisticated STOL aircraft we had provided, a Pilatus Porter.

The celebration over they decided to wow the locals with a low-level buzz job, possibly also to impress the obliging females and pave the way for future visits. Almost predictably, however, they flew into the local flagpole and crashed with total destruction of the expensive aircraft and death to all aboard, And so, back to the drawing boards,

Q: *Well, that is an interesting account. But you mentioned Bobby Kennedy. Didn't he visit Peru in this Period?*

SIRACUSA: Indeed he did, the time being in November, 1965. I remember well because he was there on the second anniversary of his brothers death and because I was "control officer" for his

visit which was marked with tension because of his poor relations with President Johnson and because, on this visit, Bobby was clearly intending to establish his popularity in Latin America, as part of his brother's legacy, and thus begin his campaign to challenge Johnson in the next elections.

There was much press speculation about the visit especially since it was known that Kennedy had had a bad session with the Assistant Secretary for Latin American Affairs, Jack Vaughn, and because, frankly, Kennedy's acolytes seemed bent on provoking the image of a Bobby challenge to LBJ and provoking the suspicion that the Embassies were under instruction to give him the cool treatment.

As a matter of fact there was no such instruction and I, as control officer (with much experience in that role with respect to junketing congressmen and senators) and with Ambassador Jones' full backing and support, never worked harder before or since to give a visitor the exact program and support he wanted. Since Peru was the first country on his itinerary there was much speculation as to what would happen.

As it turned out I spent the better part of three days with Bobby and Ethel and dealing with them was always a pleasure and they showed great consideration and understanding of the pressures on me as my wife, at the time, was in the hospital undergoing surgery. I cannot say the same for Kennedy's minions some of whom always seemed to want to provoke a fight. They publicly accused me of "preventing" a triumphal parade-type Kennedy entry into Lima from the airport. In reality I had offered to do all I could to arrange such but felt it would flop embarrassingly as it was, after all, not a holiday, the distance of travel was great and people were working.

At the Foreign Office, arranging a program with a Kennedy advance man, the Minister graciously offered a black-tie reception, at the Torre Tagle, the beautiful colonial era foreign ministry, only to be bluntly told that Kennedy was not interested in meeting any but the common people and that in any case "he did not even own a black tie"! He did, however, accept a small luncheon at the palace given by President Belaunde. Fortunately, my wife was able to leave her bed to attend this and also got to share a memorable personal experience with the Kennedys themselves.

Some personal memories of Bobby's visit: Literally carrying Ethel out of our binational center where we were mobbed by enthusiastic students; Ethel frantically asking me where Bobby was after I had stuffed her into the car (he had climbed on top to divert the crowd and then came in through a window after my chauffeur began carefully to drive away); being asked by Madam Cruchaga, the elegant and gracious sister of Belaunde, acting as his hostess, why the Kennedys seemed only interested in seeing the worst of Peru (as we toured yet another and perhaps the most miserable barriada in central Lima); and seeing Bobby and then most popular matador, El Cordobes, whip off their coats to make bullfighting passes at some small but dangerously horned antelope used as guards at the fabulous Mujica Gallo Inca gold museum and safari trophy room.

Really notable about that vignette was that Bobby and El Cordobes actually looked alike, being of almost identical stature and features and with the same unruly shock of blonde hair over the forehead. All of this prefaced a really enjoyable farewell dinner at Lima's delightful Granja Azul

where we all had a good, comradely time and where Kennedy's aides even showed the good manners always typical of their principal.

In the end, the trip had to be counted as a great success by Bobby, in spite of the attitude of his staff, and he acknowledged in a gracious letter of thanks to me his appreciation for all that the Embassy had done.

There was no doubt in Peru that Bobby carried the mantle of his martyred brother who was almost literally revered in that country. The outpouring of grief at the President's death was overwhelming and within a hour Belaunde and his entire cabinet called en masse on the Ambassador to demonstrate their feelings. Two years later it was nearly repeated when Bobby was assassinated and I, as Charge' at the time, arranged a community mass to coincide with that in the US, as the Ambassador had done in the case of the President.

Q: *That is all fascinating and I'm sure of real interest for oral history researchers, but to get back to the narrative, how did the IPC case work out and what were its effects?*

SIRACUSA: ESSO, after the first breakdown in October, 1963, sent a remarkable man to head IPC and carry out the negotiations. His name was Fernando Espinosa, a New Deal economist and one-time advisor to President Roosevelt, I understood. He had been with the ESSO for twenty years and was a really fine corporate diplomat. Of Cuban birth he spoke absolutely perfect Spanish and notwithstanding their adversarial positions, he established a fine and respectful personal relationship with President Belaunde.

He went through all these years of absolute frustration when, sometimes for months nothing would happen, absolutely nothing at all;, then, all of a sudden he would get a call from the president and they would go into whirlwind negotiations often leading to apparently real progress. Then, Belaunde might say, "come back tomorrow afternoon and we will put in the final touches;" then, as too often happened, the appointment would not be kept and nothing would happen, maybe for weeks. Then Belaunde might call him back, and, as though nothing had happened before, present a totally new position. What was really going on was that every time Belaunde came up to something his advisors would weigh-in and take it apart and Belaunde, obviously, would cave in (the dates and nature of each of these incidents is documented in the mentioned airgram).

As an example of how frustrating this was I might interject here that in the background of the pre-October 28 negotiations was a long-standing Peruvian claim that IPC owed $50 million in back taxes. The company absolutely rejected this claim but in an effort to get a solution it offered (in context of the first solution in October, 1963) to pay this amount over the life of the new contract it sought, not as back taxes, but as a premium for a new concession. Also involved was a commitment by Esso to extensive investment in oil exploration and, hopefully development, in the trans-Andean upper Amazon region.

That early "agreement" however died aborning and, in the ensuing years, this claim for "back taxes" grew and grew until it ultimately became a claim for "unjust enrichment" which at its peak totaled about $840 million. Behind this, in IPC's view "fantastic" claim, was the fine,

sensationalist hand of the Miro Quesada family's El Comercio newspaper, in league with extremists of all kinds, who had no desire whatsoever to reach a settlement and who eventually conjured up a claim so large that they could actually confiscate IPC and end up claiming further reimbursement rather than paying any compensation for its expropriation.

The "unjust enrichment" idea also was known as the "Montesinos Doctrine" after a radical professor at the Marxist Centro de Altos Estudios Militares (CAEM), a sort of officers war college which did much to indoctrinate the military with xenophobic, Marxist-influenced political and social ideas. The tragic dividend of such training became all too clear in the failed and disastrous policies undertaken by the military dictatorship which overthrew and succeeded Belaunde-Terry.

The "justification" for all this can be found in the aforementioned airgram and its enclosed or referenced documentation.

Through it all the Embassy maintained contact with all elements and was in regular, discreet but not clandestine contact With APRA, the leading opposition party, At one point when Belaunde and Espinosa seemed to be close to agreement, Belaunde was afraid that APRA might viciously attack any agreement, no matter if actually served Peruvian interests fairly. So both thought it might be useful if the Embassy could contact Haya de la Torre and try to counsel a statesmanlike, non-political attitude for the good of the country.

Espinosa conveyed this desire to the Embassy and with the Department's approval I was sent to see Haya at Oxford in England. I met him there for tea on a Sunday afternoon and after a long talk, in which I conveyed my understanding of the situation as best I could, Haya did promise that if such a critical point did arise APRA would not attack the President and authorized the message to be conveyed, which it later was. This [act, secret at the time} was as close as we ever came to entering the negotiations as such but in reality all we did was deliver messages. However, since that particular flurry of negotiations did not produce anything, the matter continued to drag on, Also, at another time, Walter Levy an internationally prominent oil economist in New York was brought down to analyze the issues and perhaps give constructive suggestions to both sides. But this also was not fruitful.

The Ambassador was extremely effective in cultivating good relations with all parties; with the President and his cabinet, with all opposition party leaders, with the senior military, with journalists, and with the business community, Peruvian and American. With all of these was but one message, an appeal to support a constructive solution to this problem which could promote stronger relations between our two countries. and a better future for Peru. We had reason to believe also that a solution showing respect for property rights and contractual agreements would encourage important foreign investments in Peru by interests carefully watching developments.(Southern Peru Copper Co., for example)

At one point, in order to help focus on whatever reality the numbers might contain, it was arranged for Walter Levy, a renowned international petroleum expert, to come to Peru and consult with all parties in hopes that he might see some light in the tunnel. Levy worked hard at it for some time and interviewed all concerned; but in the end this effort came to nought as

Peruvians especially showed no inclination to modify their more extreme demands.

As the negotiations went on and became more complex with the introduction by Peru of new demands, Espinosa continued to show great patience and flexibility in somehow devising means of dealing with them. Finally, in July, 1968 in his annual speech to the legislature on Peruvian national day, President Belaunde announced dramatically that as a result of the latest negotiations he had an agreement. But again he put the cart before the horse and boxed himself in with a deadline as an agreement really did not then exist.

It was true, however, that there was a new basis for negotiations which showed much promise; but they had been that far before. As if to make matters worse, Belaunde then announced that on August 13 he would go to Talara to the site of the first oil well there and plant the flag, thus symbolizing Peru's recuperation of complete sovereignty over this area.

In typical Belaunde fashion, he waited until two nights before his deadline and then instituted unceasing, marathon and whirlwind negotiations. He, Espinosa and others continued in sessions for twenty-four hours and then on into the next night. At last, at dawn on the 13th, they signed this agreement called the Act of Talara and billed as the final, the ultimate solution of this problem. Then they all piled into an airplane, exhausted, disheveled, sleepy and unshaven and went flying up to Talara.

From the airport they proceeded to the historic well site where Belaunde symbolically "planted the flag." Then Belaunde and his accompanying ministers by turn, and even Espinosa speaking for the IPC, made emotional, happy, celebratory and mutually complimentary speeches. I have the tapes somewhere.

Back in Lima, and after catching up on their sleep, there was a series of banquets celebrating the affair. Then all of a sudden the whole thing began to unravel as one of the ministers declared that the "eleventh" page of the Act of Talara agreement a "critical" page, was missing!!!.

With this, El Comercio, bitter opponent of the IPC and stimulator of outrageous claims, launched a violent yellow journalistic attack which sowed suspicions and stirred up passions claiming the whole thing to be an invalid farce and sellout of Peru's just national interests. Thus was a few days of euphoria followed by days of dark charges of secret skulduggery. a page was missing -- a page was altered -- needed initials to validate changes were smudged -- take your choice).

It is true that the document showed real signs of its middle of the night, violent "Caesarean" birth. It was not clean and properly put together as it would have been under calmer circumstances; but insofar as we were able to determine, it was all there as intended and there were no missing pages, clauses, phrases or anything else. In a few days it exploded into an absolute crisis giving the military both opportunity and excuse to stage a coup.

I can't remember exact date when it happened, but a couple of weeks later, in the middle of the night, I heard tanks rolling and went down to the Embassy. It was a quick, efficient and bloodless coup in which no shots were fired. Tanks simply rolled up to the Palace gates and took over. Belaunde was whisked away and quickly placed aboard an airplane bound for Argentina and the

coup's leader, General Juan Velasco, took over. He was to rule Peru as dictator for a number of fateful years during which the military prospered as a class (with lots of new toys and perks and pay) while the economy suffered and declined and desperate social problems were ignored.

Quickly Velasco initiated a series of ever more consequential actions which, within three weeks, resulted in an outright confiscation of the ESSO/IPC. First they just took over the La Brea y Parinas oilfields. Then they faced a dilemma because IPC's refining and distribution system throughout the whole country was owned by the Company and was never involved if the oilfield dispute. The government could not refine or distribute any product of the wells unless IPC participated and service stations were running dry.

They then tried to sell crude oil to IPC but the company refused to buy what it said was legally theirs. To get around this crisis which was putting them in a bad light legalities notwithstanding, IPC offered to take the crude on the basis of paying for production costs but not the crude itself.

Well this led to further friction and conflicts so that a couple of weeks later the army sent troops, took over the ESSO headquarters, expropriated all assets in the country and kicked all IPC executives out, including their highest ranking Peruvians.

There we were and the fat was in the fire. From that moment on the Hickenlooper Amendment clock began to tick. It gave us six months, from early October when it happened, until early April when, absent "prompt, adequate and effective" compensation, all aid would be cut off for Peru. For the rest of 1968 nothing happened as we marked time and wondered. The Embassy however began quiet planning for evacuation of Americans should the application of punitive measures produce a violently anti-American reaction, as we thought well might happen.

When President Nixon assumed office in January things began to move as the new administration did not want to start with a full- blown and possibly dangerous crisis in Peru. and we explored many avenues for a way to resume negotiations, but to no avail.

Finally, responding to the Embassy's recommendation that the President send a personal representative to explore avenues of settlement, President Nixon sent Jack Irwin (later to become Under Secretary of State) as his special emissary with the rank of Ambassador. Irwin arrived in mid March of 1969 and began talks with the Peruvian government. The objective was to restore IPC-government negotiations or otherwise to avoid if possible automatic application of the Hickenlooper Amendment(which nobody wanted even though it was the law) while at the same time fulfilling US policy obligations toward an American interest which had been confiscated without compensation. In general, the executive branch of our government did not think such automatic , punitive acts such as the Hickenlooper Amendment were wise or effective law; but was nonetheless bound by them. A broadly held view was that such laws were more counterproductive than they were effective.

Things seemed to be almost unsolvable until we uncovered a plausible delaying tactic, anything to buy time. There was a final step under Peruvian law which hadn't yet been taken and the Hickenlooper Amendment does not go into effect until all recourse had been exhausted. This step was an Administrative Court procedure needed to finalize the expropriation in Peruvian law

and which would not come up for several weeks or months. While a technicality, this could get us past the April deadline and buy time within which something good might happen. While Ambassador Jones did not think much of the chances, he presented the idea to Ambassador Irwin.

Nothing better having turned up to kindle hope, Ambassador Irwin decided to return to Washington to report to the Department and to the President and he took me with him. With emotions running so high in Peru we experienced our first terrorist-type threats, phoned to the Embassy Marines, actually against my wife and children who were then evacuated from Lima for a while. Responding to this and the possible danger of commercial flight, the Department sent a special airplane to pick us up.

On Saturday morning, the day before Easter Sunday of that year, we had a meeting in the State Department with Secretary Rogers and all the high officers with interest in this matter -- I remember in particular the Under Secretary of State, Elliot Richardson, later Attorney General during the "Saturday night massacre" of Watergate), and Frank Shakespeare, the Director of USIA.

Ambassador Irwin outlined the situation and asked me to describe the potential means whereby we might bypass the April deadline and buy time for a possible solution. We had been told by the desk officer who met us at the airport that this proposal was not going to fly but it was all we had. In any case when I started to talk I sensed a skepticism around the table until Secretary Rogers, who was listening intently, asked a few questions indicating he might be taken with the idea. And a change in his demeanor seemed to have a magical effect on others. Finally, after much discussion, the Secretary made the decision that we should explore it with company representatives and Congressional leaders if we could find any on Easter weekend) and go the next day to present it to the president. We did see a couple of senators in addition to ESSO reps who expressed no objection.

The next morning we flew to Coral Gables to meet President Nixon at his summer residence. The president's helicopter picked us up and took us over to a little landing pad close to his house. When we got there he was at church with his family and we were met by Bebe Rebozo, the President's friend, who, it was said, had been partly responsible for his acquiring that property.

When the president arrived we spent two and a half hours with him. He was very relaxed -- sat back with his feet on a coffee table -- and listened to the presentation given by Ambassador Irwin, in which I participated. Finally, the president said, "Fine, that is what we should do." He recognized this as a welcome time buyer and observed that we could, as long as it could be strung out, keep pressure on Peru by not approving any help and blocking that by others. The main thing was to avoid announcing that we were doing so which was the inherent defect in laws such as the Hickenlooper Amendment.

So we flew back to Peru where Ambassador Irwin met with the Peruvian officials and outlined (much to their relief) what we were proposing to do, and with their understanding that the Hickenlooper Amendment was still there, but was not going to be applied at that time. The main thing I saw in this was the chance to avoid the point of no return. As long as you could keep

talking you might find some way out of this.

Looking back, to condense the remainder, Ambassador Jones left Peru for his new assignment and I stayed as chargé d' affaires for the last four months of my own stay. The next key day after April when the Hickenlooper Amendment was supposed to be applied was, I think, in late July or early August of that year, when the administrative procedure should have run its course. But by that time we figured another way of stretching it out and with a new President, there was no strong Congressional pressure. Also, ESSO, knowing the U.S. had not given in on its claims and rights, also seemed willing to play for the long haul, and so no great pressure from that quarter.

I left Peru in August of 1963 and turned over the mission to Ambassador Belcher and that continued to be the policy. I went as ambassador to Bolivia after that. I was fairly close by, seeing what was going on. By one means or another the solution, if you want to call it that, stayed in place. One of the points which I had made to President Nixon was that I thought that sanctions were the worst thing in the world to apply, that they only produce terrible animosity, wounded feelings, and probably violence, and that there was no reason for us to follow a policy based on forcibly announced application of sanctions when we could do it anyway without announcing it. So we avoided the Hickenlooper Amendment. But if we avoided the Hickenlooper Amendment there was nothing forcing us to give economic help to Peru. We could still drag our feet on everything. In that way, over time we could apply pressure which would in time bring them to their senses without announcing it as a punitive act.

That is exactly the policy which was helpful. I think it was either four or maybe five years later that the problem was solved. It was worked out through the Inter-American Bank, I believe. The Green Mission - so-called - was sent Peru to negotiate on potential bank loans. But there was the fact of negative US vote because of the IPC confiscation. So, what was finally worked out was that in this context, Peru did provide funds as compensation to IPC although it was never called that. There were "painted windows on painted doors" so to speak. Everybody emerged satisfied with a solution from his perspective. For Peru, IPC and the long-festering La Brea y Parinas problem was finally over with Peruvian sovereign ownership fully reestablished over its natural resource. Peru could say it did not pay compensation. but ESSO had money in its pocket which it regarded as compensation and that was that; not as money as they might have wanted, but compensation nonetheless.

I think that the avoidance of the Hickenlooper Amendment at that time was a major achievement. I think that had it been applied disastrous things could have happened in terms of American lives and property. All that was avoided. And, compensation was achieved without it.

The great tragedy was that the military intervened at a time when Peru had gone through a heartening five year experience with democracy and was preparing for elections in the next year when in our opinion a very attractive, well qualified candidate might have been elected. A former mayor of Lima, Luis Bedoya Reyes was a lawyer, a Christian Democrat and a skilled politician. He very likely might have been elected President with the support of the strong APRA party, whose leader, Haya de la Torre, would never have been accepted by the military. But Bedoya had a working relationship with that party and such an administration might have governed well, carrying on the democratic tradition established by Belaunde.

The military intervention interrupted Peru's democratic experience for many years and had dire economic consequences as foreign investment and financing dried up right when it was so desperately needed. They also instituted a CAEM-inspired, sweeping land reform program which tried to make labor-cooperatives of the great sugar, cotton and other plantations of the coastal areas, with disastrous results on productivity.

It was a true tragedy because many of the economic problems which were facing Peru had been put under way of solution by a new prime minister who Belaunde had appointed just before he announced his fateful "solution". He had also recruited a capable young Finance Minister, Manuel Ulloa, and they had started a number off economic measures which were looking very good. All of that was destroyed by this military intervention with its disastrous consequences.

It was years later and after Velasco's death that Peru emerged from the military dictatorship which eventually threw in the towel in frustration over failures. Velasco himself, always a drinker and philanderer, lost a leg in his later years. Unconfirmed rumor had it that he was shot by his fed-up wife who apparently had caught him in flagrante.

Q: *What ever happened to Belaunde-Terry?*

SIRACUSA: He stayed in Argentina for awhile and then went to Washington where I believe he was a visiting professor at American University. I met him there a couple of times when I was in Washington. When the military threw in the towel (after General Velasco's death) and after years of failure, Belaunde returned as President and served a full term. The present president, Garcia,(1989), the first APRA party president, succeeded Belaunde so Peru has made some political progress: two consecutive democratic presidents and power held by a party which, although representing many Peruvians, would not before have been tolerated by the military. That is grounds for hope although the legacy of deferred economic and social change and progress leaves a frightening prospect and challenge for any future government, more so in a country undergoing explosive population growth.

I recall a discussion with the then Minister of Health in about 1967 in which I cited the alarming statistic that over 60% of all Peruvians were under 15 years of age and would soon be making children in prodigious numbers. The Minister dismissed any concern on the grounds that Belaunde"s vaunted dream of developing the trans-Andean region, the "eyebrow of the jungle" as he called it, would provide ample opportunity for jobs and economic growth.

Before leaving Peru I might relate an incident of some historic interest. There was much excitement in Peru in July, 1969 when completion of a large, satellite receiving antennae insured that we would be able to see TV coverage of the moon landing attempt. And for the event, one radio station in town erected a large screen so that people without TV might see. Needless to say the event was gripping. I had arranged for several TV sets at my home and a number of Embassy families were gathered to witness the landing.

I was Chargé at the time, Ambassador Jones having left the post, and on the spur of that moment decided on a somewhat daring course: we would hold a "splash-down" party at the elegant

Residence, inviting only the President, his cabinet, the Ambassadors and wives in the diplomatic Corps, the Cardinal of Peru and a few select others. Plans were hastily made and invitations prepared, to be hand-delivered only AFTER the escape vehicle had been safely joined with the Apollo and the return voyage under way.

Splashdown was to be several days later at about 11:30 am, Peruvian time, and I believe our attendance was almost 100%, except for General Velasco who did not come. We served traditional refreshments and had at least 10 TV sets around the Residence to monitor the occasion. Tension and expectancy became almost unbearable when the capsule entered to burn zone of reentry with communication blackout. Finally, when the parachuting capsule was sighted and screened, the place erupted into cheers and tears of joy; the first to embrace me being Cardinal Landazuri Ricketts followed by the Foreign Minister and everyone else in turn.

When calm was restored champagne was served as I presented to the Foreign Minister a two foot globe of the moon, with a flag marking the spot on the Sea of Tranquility where the Eagle had landed.. A silver plaque read: "Presented to His Excellency, President Juan Velasco, by Ernest V. Siracusa, Chargé d'Affaires, a.i. of the United States, to commemorate the safe return from mankind's first landing on the Moon. Lima, July , 1963." The Foreign Minister graciously accepted this on behalf of the absent President. Insofar as I am aware, no other of our Embassies held such an event. One guest who bravely endured this occasion was the newly arrived Soviet Ambassador, Lebedev, who doubtless would have preferred something else, being the heir to Soviet achievement with the first Sputnik.

JOHN WESLEY JONES
Ambassador
Peru (1963-1969)

Ambassador John Wesley Jones was born in Sioux City, Iowa in 1911. After graduating from George Washington University in 1930, he joined the Foreign Service. He was first sent to Mexico and Calcutta before serving over thirteen years in Italy and on the Italian desk in DC. Jones served as ambassador to Libya and Peru in the early 60's. He spent several years at the Naval War College before retiring in the late 60's. He was interviewed by Horace Torbert in 1988.

JONES: At that time, I was going to soon receive official notice that the President wished to appoint me his Ambassador to Peru. This came as a complete surprise, but of course I was delighted. I had been in Libya for five years and it was high time for a transfer.

The interesting and amusing part of the Peruvian appointment, ironic in a sense, the President's Ambassador or the American Ambassador in Peru, appointed shortly after President Kennedy became President in 1961 was a man named James Loeb, a political appointee, publisher of a newspaper in New England. He had been there at the time of the Presidential elections when Haya de la Torre, the Aprista candidate for President, was elected. I learned later that there were

rumors that Mr. Loeb had been very pro-Aprista and some of the Aprista opponents and opposition had indicated or even accused publicly the American Ambassador of being pro-Aprista and having helped Haya de la Torre win the election. After Haya de la Torre won the elections but before he had assumed the presidency, there was a military coup and the military coup was based on decades of animosity between the military and the Aprista Party. No Aprista President, even though Haya de la Torre and others had won the elections, had ever been able to take over the presidency because of the military animosity. So this was a military coup against Haya de la Torre and the Aprista Party to prevent him from ever assuming the Presidency.

This was the year after the President, President Kennedy, had taken a lead in establishing what was known as the Alliance for Progress and had been in Punta del Este at the time of the forming of this alliance and established
certain principles, including which were democratic government in all of the countries that were part of the Alliance for Progress in Central and South America. The military coup in Peru was the first obvious move against the principals of the Alliance for Progress by a military coup against a democratically elected, established government. President Kennedy was so shaken by this, so disappointed, so discouraged and so outraged that he recalled his Ambassador, James Loeb, as an indication of American displeasure.

The months went by, the Chargé d'Affaires was Douglas Henderson. The military seemed to be firmly in control in Peru. Eight or nine months later after the coup d'etat it's reported that Ralph Duggan, the President's assistant in the White House, said to him, "Mr. President, you know, those military are firmly in control and they are not going to go away and we do not have an Ambassador in Peru. I think you ought to think about appointing an Ambassador to the military government, just accept it as a fact of life." The story is, which perhaps is apocryphal, but rather amusing - the report that I heard was, that they were looking around for an Ambassador that didn't have any previous connections with Peru and couldn't possibly be accused of having any political preferences for one party or another. Here I was, having been five years in Libya and about ready to leave, and never having served in a Latin American post in my life, except for the little post in Mexico at the very beginning of my service where I was stationed for nine months only.

Q: *But you did at least speak Spanish.*

JONES: Yes, my record showed that I had been four years in Spain and therefore I had language qualifications. So the story was that they appointed Johnny Jones Ambassador because he didn't "know nothing" about Peru.

I learned while in Washington that this appointment was going to take place and by the time I got back to Libya and was able to tell my wife, in confidence, that we were going to Peru, the orders had already been written and were on their way. This interesting coincidence of the Cuban missile crisis and the visit of the Crown Prince of Libya to Washington also brought with it news of my next assignment and appointment to Peru.

So we came home for Christmas in 1962, on home leave and transfer. I left Libya in mid-December, had Christmas in Annapolis with my wife's family and then was sworn in in early

January, as Ambassador to Peru and got down to Peru I believe in January of 1963.

Q: *Great. Could you tell us a little about the problems you found there and how you coped with them?*

JONES: I presented my credentials to an Ambassador and interestingly enough --

Q: *To an Ambassador?*

JONES: I'm sorry, forgive me. To a General. I will have his name in a moment. Perez Godoy, General Perez Godoy. The Chief of Protocol in those days was a young Peruvian named Javier Perez de Cuellar, who, as we all know, is now the Secretary General of the United Nations. But Javier and his wife became very good friends of Kitty and me.

We were met at the airport and conducted into town by Javier. Douglas Henderson was the Chargé d'Affaires. (He later was our Ambassador to Bolivia.) I presented my credentials to General Perez Godoy at the Presidential Palace within a few days thereafter.

My instructions in a vague sense were that, while we would maintain formal and polite relations with the military government, I should do everything possible to encourage a return to democratic government; to the re-establishment of constitutional government. And it was within that first year, after I arrived, that the military decided that they would hold Presidential elections for a new President who would succeed the military government. Perez Godoy was not one of my favorites, but there were some good military in that government from well-established Peruvian families who did want a return to constitutional government. This was arranged and we were all delighted with it. Of course the American Embassy in particular encouraged all Peruvians and all officials in the military government in this direction.

As we know, Fernando Belaunde Terry was elected President of Peru and I think the date, I would have to check this, but I think the elections were the same year that I arrived, 1963. But it may have been a year later, it may have been in 1964. This is perfectly easy to establish once I get hold of my papers. (July 28, 1963 is the date Belaunde was sworn in as President).

Q: *That any researcher can find out by looking --*

That is a rather delicate proposal to encourage a people in how they form their government, what kind of government they have. Did you have any particular techniques that were successful?

JONES: I don't think really. I think it was generally known that the President of the United States had been a key figure in establishing the Alliance for Progress, that the Alliance for Progress was a key element in the economic development of the Latin American countries, so that all Latinos who thought in economic terms realized how important it was to stay within the bounds of the Alliance for Progress, which also included continuation or maintenance of democratic government. So this would be one of the points that we could always talk about. Economic aid, I remember, was suspended for a period but when I went as Ambassador, accredited to the

military government, economic aid continued to flow in the same way. It was just generally understood that this was what the President wanted and that as his Ambassador I would talk about it and encourage it at all points.

The Aprista Party was defeated and Belaunde's party was called Accion Popular. It was considered left of center but it was not considered as far left of center as the Apristas, so therefore there was no real threat or fear of another military coup before Belaunde could be inaugurated. We went to the inaugural ceremonies, of course, and there were several U.S. Senators and Congressmen, whose names I shall perhaps think of during the course of the conversation, who came down to represent the President, as a Presidential delegation, at the inauguration of the democratically elected President of Peru. [The delegation was headed by Senator Morse and included Edwin M. Martin, Assistant Secretary of State and Ralph Dungan, White House aide.]

The President and his first wife had been separated. So he was a bachelor when he took office. In any event, we had very cordial relations with the new President and I came to be very fond of him and got to know him very well. We worked together within the Alliance for Progress with the AID program. He had various grandiose schemes for the development of Peru, one of which was called the Carretera Marginal which was a great scheme to build roads down across the mountains onto the other side of the Andes into what was territorially a much greater expanse of Peru than the very narrow strip along the coast where most of the population and civilization existed.

This was to open up the interior of Peru and bring the products of the peasants on the other side of the Andes down to the coast and make also politically a connection between that very separated part of Peru (very little explored and known part of Peru, which was a jungle really), and the coastal area. Anyway, this did not receive very much enthusiastic support in Washington. They considered it a terribly expensive and inappropriate kind of an aid program. They were much more interested in developing what was already available. So one of the problems with Belaunde and the administration in Washington was getting aid for the kind of programs that he wanted and aid for the sort of programs that we thought would be most appropriate for Peruvian development.

I think eventually the President did get some assistance for his road-building scheme because it was realized that perhaps opening up the eastern part of Peru across that great divide of the Andes was in his country's long-term interest.

Q: *How was your AID program administered? Did you have a large staff in Peru? Or was most of the work done by visiting specialists and instructors?*

JONES: No, we had a large staff, AID. Robert Culbertson was the AID Director. He was very good and we worked together in great harmony. The AID programs were always discussed at the country team meetings. Everybody's views were obtained on what would be the best thing to recommend to Washington. Then of course the AID program and the administration in Washington had their own definite ideas about what they thought Peru needed, so that there was always considerable negotiation between the field and Washington about recommendations on

what our AID program should be.

Q: *It's much easier to coordinate around the table in the field than it is around the streets of Washington.*

JONES: It is indeed. It is indeed.

It was an interesting period while Belaunde was there and we had very good relations. I'm trying to think of what other things came up during that period.

Q: *Drugs had not raised their ugly head by that time, I suppose?*

JONES: No, not really. Where I first learned of and was introduced to the coca plant was in Peru because it grew wild in the mountains of Peru. Its leaves were something that were brewed and either drunk in tea or chewed like tobacco by all of the peasants in the high Andes because it gave a certain amount of strength and endurance - let's say like coffee does or tea, to the peasants and of course most of them walked. In those high altitudes they had enormous chests; they were rather short people, their legs were not very long and they were used to carrying heavy burdens. But they needed something to sort of give them that extra heave. Now in leaf form it's not a drug anymore than coffee or tea is because it was not ground down to the fine powder that cocaine is, but it did have this medicinal effect of giving one a little more energy and a little more strength. When they were carrying their packs over the mountain trails, from the days of the Incas, coca was the sort of thing that they chewed. Then of course later, it was not during the time I was there, but later, it became very popular crop because they could sell it to drug dealers and get enormous fees for it.

My wife and I did a lot of visiting during the time we were in Peru. I felt that it was important for an Ambassador to get around and know the country so we visited all the great cities and were usually welcomed there by the mayor and the town council. My Spanish over the years improved so that I was able to make speeches in Spanish. Arequipa, was the hometown of the President, Fernando Belaunde Terry. His last name implies an English ancestor. There was an important Anglo community in Peru, descended from early English immigrants who had stayed on and became completely Peruvian, but they kept their English names. One of my dear old friends was Carlos Gibson, "Charley" Gibson, who married an American, Flo, and is now living in this country. But Gibson was a perfectly acceptable Peruvian name. Another was the Archbishop Landázuri Ricketts. His mother was a Miss Ricketts, obviously of English extraction. And the President was Belaunde Terry, and his mother was a Miss Terry, obviously of Anglo extraction. So there was an important British influence in the upper classes, in the ruling classes, of many Peruvian families.

Q: *Did you have to relearn Spanish in a sense? In other words, not to refresh it, but is Peruvian Spanish quite different from Castilian Spanish? Or is it fairly close?*

JONES: Peruvian Spanish and Columbian Spanish I believe are considered, by Spaniards, the best Spanish in Latin America, which means that they have been less changed. But of course they do not use the "theta". But I made no effort to change my Castilian Spanish when I was in

Peru, I continued speaking with the theta. I think in a way it was rather a plus for me because it sort of impressed people. It would be like a foreigner speaking English in America with an Oxford accent. So I think it didn't do me any harm. Almost every time I went to a new place and started speaking, some Peruvian would say to me, and where did you learn your Spanish? I would say, in Spain, and they would understand perfectly well that I was not affecting this accent but that this was the way I had learned my Spanish.

Q: *How long did Belaunde last?*

JONES: I'm trying to think when the coup d'etat was. Unfortunately, I tell my friends, and I'll tell you, that I stayed in Peru too long. If I had left in early 1968 when there were some suggestions that I might be transferred back to the Department of State (which I resisted) if I had left in 1968 I would have gone out in a blaze of glory, because our relations with Peru were excellent at that time. But, unfortunately, I stayed on and on October 3, 1968 I was wakened by a telephone call either from my Minister Counselor or from the head of the Political Section, Frank Ortiz, saying, "Mr. Ambassador, there are tanks in the courtyard of the Presidential Palace and they're pointing out, which means that there's been a military coup and that the military are already inside and in possession of the Palace."

This was a blow and really unexpected. However, I have failed to mention -- and this was one of the reasons for the coup, I'm afraid -- that in my negotiations with Belaunde, we had worked out a very sticky, long-standing problem involving an American oil installation in northern Peru which had belonged to Esso Standard. What we worked out was that this was property which in early Peruvian days the American oil company -- not early Peruvian days, but the early part of this century or perhaps even the last century, the American oil company Esso Standard had bought this property (called La Brea y Pariñas) and considered that they owned it. The Peruvians agreed that their title showed that they owned it, but their dispute was that they didn't own what was under the ground. And because this was an oil well, the Peruvians were constantly threatening to expropriate it. One of my principal tasks in the latter years of my tour there was to work out an agreement with the government of Belaunde favorable to Esso Standard and favorable to American interests and one that the Peruvians could accept. We agreed that Esso Standard could have a lease on the oilfield at La Brea y Pariñas for X number of years, I've forgotten now how many, 10, 15, 20 years, in exchange for which the title to the property would be returned to the government of Peru. So this settled the dispute over the title, but it also protected the interest of the oil company. [Telephone]

Q: *You were working out the agreement on the Esso Standard oil claim.*

JONES: Yes. In any event, this agreement when it was announced -- and I of course was pleased with it -- seemed to be a great achievement, but we were immediately attacked by a local newspaper, El Comercio, which was a very nationalistic newspaper and usually supported military coups whenever the government was considered a little too far to the left. It was also violently anti-Aprista, El Comercio always had been. So it immediately began attacking this agreement and pointing out that Belaunde had really sold Peru down the river and had given away Peruvian oil rights, etc., etc., etc.

So in a sense the coup d'etat by the military was not only against a left of center government but also against the deal that they had struck with the United States over this oilfield. So the coup d'etat meant the end of this agreement. I was perfectly aware of that. The general who carried out the coup was General Velasco. He was not a friend of the United States and curiously enough, was rather a Socialist in his outlook when he became President.

Among other things, he started nationalizing private companies. Of course the first thing he did was nationalize American companies and then all foreign companies. So that my last year in Peru was a very sad one, diplomatically and professionally, because I spent most of my time carrying notes of protest to the Foreign Minister, who was an admiral in the Peruvian Navy, whose name I shall think of -- Admiral Llosa -- Double-l-o-s-a. He was, on my terms, a good guy. But after all, he was part of the military government and he had to carry out the government's policies.

The nationalization process continued. Then there were elections in the United States and Richard Nixon was elected President of the U.S. I was called home on consultation. The principal problem that we talked about was the military government and the expropriation of American properties. Also, not only was it just the oilfield at La Brea y Pariñas, but when they expropriated all foreign companies, they took over an American lead and copper mine near Lima, up in the mountains, and they also took over an American copper mine in the south, south of Arequipa. Toward the end of my tour there, my principal activities were a series of protests about another American commercial property that had been expropriated and taken over by the military government. When I came home on consultation it was decided that, since I had been in Peru so long and had been so closely associated with former President Belaunde, it would probably be wise to send a special envoy, representing the new President of the United States to Peru to negotiate with the new military government over the expropriation of American property and a just compensation that we should be getting for it, because it had been expropriated without any compensation.

A very distinguished American named Jack Irwin -- does that name mean anything to you?

Q: *Yes, indeed. Jack Irwin was a lawyer who was associated on many problems with the State Department.*

JONES: Yes, that's right. Jack Irwin was appointed. IBM, thank you. Jack Irwin was appointed Presidential envoy to come down and negotiate with the Peruvian government. I was informed that my days in Peru were not exactly numbered, but that they wouldn't last very much longer. I had been there six years.

THOMAS MANN
Under Secretary for Economic Affairs
Washington, DC (1965-1966)

Ambassador Mann was born and raised in Texas and graduated from Baylor

University with a Bachelors degree in Liberal Arts and a degree in Law. After practicing law in Laredo, Texas, he joined the Department of State in 1942, where he served in many senior capacities, dealing primarily with world trade, economics, and Latin American affairs. His senior assignments include: Assistant Secretary of State for Economic Affairs (1957-1960), and Inter-American Affairs (1965-1966) and Under Secretary of State for Economic Affairs (1965-1966). He also served as US Ambassador to El Salvador from 1955-1957 and Ambassador to Medico from 1961 to 1963. Ambassador Mann was interviewed by Joe B. Franz in 1968.

Q: Were you involved in the negotiations with the IPC in Peru?

MANN: Yes, I talked with President Belaunde about that. Our position on that *was* that confiscation of property -- defined as taking somebody else's property without paying for it -- is bad, and that if there was a serious dispute about the validity of the title of the IPC, that this was a legal question and ought to be submitted either to the World Court or to arbitration. But that it was wrong for any government unilaterally to simply confiscate property. That was essentially our position.

Q: Did you get the feeling that President Belaunde was talking for domestic consumption in talking about expropriation or that he was sincere?

MANN: Now, expropriation is recognized in international law. Expropriation implies the payment of prompt, adequate, and effective compensation. We never object to expropriation of American property. This is traditional in policy. What we object to is confiscation. Expropriation, if you think of it as something similar to what we think of here as the law of eminent domain, then you've got the perspective. But the government doesn't come and take your house because they need a roadway and tell you to get out, or because they need it for a park or something else. They pay you for it.

This was never an issue with Peru. The issue was whether they were simply going to seize this property. The history on that is rather long and perhaps tedious, but essentially it is that, in the early part of this century, the British owned that field. The question came up about whether their title was valid. I don't know exactly what the origins of that legal dispute was, but the Peruvian Congress authorized this legal question -- validity of the title -- to be arbitrated. There was an arbitration. I don't remember who the impartial arbitrator was. It went against the Peruvians and in favor of the British. Then, several decades went by and the IPC bought and paid for this oil field. It wasn't a large sum of money, but it was property. Then the same people who had opposed this -- I think one family in particular who owned the newspaper there and should be nameless -- had conducted a crusade --

Q: I can fill that in.

MANN: -- for -- I remember the name -- for twenty years or longer that the whole arbitration award was invalid; and therefore the IPC had no title whatever. Not only should compensation not be paid, but the Peruvian government should demand and receive from them the value of all

the oil which had been taken out of the subsoil.

Now this again is a lawsuit. It's a legal question. We didn't say that they were wrong or right, but we said, "Let's submit it to the World Court. Let's submit it to somebody who is impartial, and let's get a decision." The answer we got was that the domestic political situation is such that we can't do that. The only alternative is to either expropriate and pay, or to confiscate. Now that was the kind of issue we were talking about.

WILLIAM P. STEDMAN, JR.
Economic Officer and Deputy Mission Director, USAID
Lima (1966-1968)

Ambassador William P. Stedman, Jr. was born in Maryland on January 1, 1923. He went to the School of Advanced International Studies and to George Washington University. He joined the Foreign Service in 1947. He served in Buenos Aires, San Jose, Guatemala, Mexico City, Lima, and Bolivia. He served in the ARA in Economic Policy, as a Country Director and as a Deputy Assistant Secretary. He was interviewed by Charles Stuart Kennedy on February 23, 1989.

Q: *Moving on, you then went to Lima, Peru, from 1966 to 1968 as both an economic officer and a deputy AID mission director. How did that work out?*

STEDMAN: It worked out very well. The requirements of the two-hatted position changes with the interests of mission director, ambassador, and the incumbent of that particular combined position. My predecessor, Sid Schmukler, had concentrated on the AID side. He physically was located in that office, which was separate from the embassy, and had done a good job in the inner workings of the AID mission. When I got there, my relationship with the mission director and embassy told me that I need not pay so much attention to the AID function because they had a staff perfectly capable of handling the AID mission. So I concentrated on the economic section side, trying to blend economic analysis of the Embassy and the AID mission. We brought all the economic people from the aid mission into the embassy building and made a combined economic analysis and negotiation section there.

However, my relationship with the mission director was intense and personally very friendly. At the end of each day, after I had finished in the embassy, I would go over at 4:00 or 5:00 in the afternoon to the aid mission, and he and I would review the events of the day from his perspective and my perspective. We would go on and on and on, I helping him, he helping me.

I think my style was completely different from my predecessor's, and I'm sure subsequently it was all different. But in my situation, I felt that I constructed it the way it would be the most useful for us.

Q: *What were our concerns and goals in Peru at the time?*

STEDMAN: [Fernando] Belaúnde[-Terry] was the elected president. We had had great concern lest he nationalize the International Petroleum Company, a Standard Oil Company of New Jersey subsidiary, which in his electoral campaign he had suggested that he might. We had, therefore, restricted our commitments of economic assistance to him. We then got an opening, and we were told we could go ahead. Our effort was to negotiate the resumption of a package of economic development projects which we would offer in return for some reforms in their domestic fiscal and monetary policies.

We were hoping to get the country to become more self-sufficient financially, less dependent. We were hoping to open up the economy for commercial and business activity of its own. We were seeking also to open up the trade side of the economy. The whole issue of whether they would tax themselves, or how much they would tax themselves, how much they would do, was a problem because the Congress was dominated by the Aprista Party. Belaúnde could never get any tax measures through. We, for our part, got hung up on some other issues, because the Peruvians wanted to purchase F-5 aircraft. We didn't want them to have F-5 aircraft at that time. They started flirting with the French to buy Mirage aircraft. The IPC thing was still lurking in the background.

Q: *IPC?*

STEDMAN: The potential nationalization of the Standard Oil Company of New Jersey, which later on the military government expropriated.

Our goal was to help Peru. Our goal was also to get them to help themselves. In retrospect, I think maybe our conditions and requirements were excessive and were not politically realistic. I think that we could have, and should have, been more helpful to Belaúnde and less insistent upon something which probably he couldn't have delivered because he did not have control of the Congress. Belaúnde is a good man, an honest man, and a real democrat. He may be naïve economically, he might be obsessed with certain road-construction activities, he may not be the most competent manager of all the presidents, but he basically was a good man, a man that we could have gone a long way with.

So we wanted to cooperate, but we had a heck of a time cooperating.

Q: *Later on there was a left-wing army coup.*

STEDMAN: That's correct.

Q: *When did that come about?*

STEDMAN: 1968.

Q: *Were you there at the time?*

STEDMAN: No. I came back to the United States to become the office director for Peru and Ecuador. I think it was in October of 1968 that [Juan] Velasco [Alvarado] came in and knocked

off Belaúnde. Then they started their rather curious left radical, semi-populist, semi-statist programs that they imposed for the next several years.

My task in the Department at that time was a rather curious one, because they seized the petroleum assets of the United States' oil company. The Hickenlooper Amendment was still considered to be a viable law. Under it, a six-month clock started to tick. At the end of six months, if they had not taken positive steps toward a negotiated settlement with adequate and fair compensation, the law said we cut off all economic assistance. I believe that the law had never really been tested, and I assumed that it was an honest-to-God law. So we started in this period to try to educate the Peruvians to what was coming down the road.

So I had a task of trying to deal with the military and their embassy here in a period when we knew that we were looking at kind of a guillotine that was threatening them. At the same time, a lot of the members of the Belaúnde Government were fleeing the country and coming to the United States. So I was running a back-door immigration refugee housing operation while dealing with the present government.

Some of those people who left Peru are amazing people. A chap named Pedro Pablo Kuczynski, who is now co-president of First Boston International, was one of the Central Bank fellows who fled at that time. He's now recognized as probably the leading authority on external debt in the hemisphere. This is the caliber of person that was fleeing at that time.

I might note in this period of my stewardship of the Peru-Ecuador office, there was a change of U.S. Government. We had no assistant secretary for three or four months, we had no place really to take our particular problems to.

PETER P. LORD
Principal Officer
Arequipa (1967-1968)

Political Officer
Lima (1968-1970)

Peter P. Lord was born in Italy in 1929. After receiving his bachelor's degree from Harvard University in 1952 he served in the US Navy from 1952-1955. Later on, he earned his master's degree from Columbia University in 1965. His career has included positions in Khorramshahr, Caracas, Arequipa, Lima, Bridgetown, Lusaka, and Yaoundé. Mr. Lord was interviewed by Lambert Heyniger, in April 1998.

LORD: In July, 1967, I was assigned as principal officer at the American consulate in Arequipa, Peru, the country's second largest city and the major center for the southern third of Peru. Arequipa has always been politically active. President Belaunde, then president of Peru, originally came from Arequipa. Our consular district included all of southern Peru, from the borders with Chile and Bolivia as far north as Cuzco. It included both the Altiplano, the high

tableland at 11,000-12,000 feet, where Cuzco, Puno, and Lake Titicaca are located, to the coastal area. The main American private investment there was the Southern Peru Copper Company, a subsidiary of American Smelting and Refining Company in the U.S. Its main site was the large open pit copper mine located at Toquepala. It also had a large smelter at Ilo. The consulate was responsible for providing American citizen services to mine employees and following relevant political developments. Another American-owned company in Arequipa was Leche Gloria, a dairy company owned by the Carnation Milk Company in the U.S. They had several Americans living in Arequipa, adding to our very small American community.

The consulate had a small American staff of only three officers - myself, a vice consul, and an administrative officer. The vice consul and I would alternate taking trips each month through our consular district - a loop by train or vehicle up to Puno and along the Altiplano through Sichahi to Cuzco, whence we flew to Lima for consultation at the embassy before flying back to Arequipa.

The U.S. presence in Arequipa was quite limited. We had a one-person USIS office plus a binational center run by an American USIA employee. USAID had two American contractors stationed in Arequipa.

Q: So, you were the desk officer for Colombia?

LORD: Yes, during some difficult years for Colombia. The main problems were economic and at that time AID was providing large sums of lending to program loans...

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Q: Peter Lord is talking about his tour of duty as principal officer in Arequipa, Peru.

So, there was an AID contractor there but no AID mission?

LORD: There was no AID mission or military mission there. We did have a Peace Corps office there with a deputy director who administered the Peace Corps programs and personnel in southern Peru. I suppose there were 60 or 70 of them. That was a relatively successful program, I would say. We would occasionally visit Peace Corps volunteers and they always drew my admiration for the conditions they were living in and the relationships they had with the local populace. I have always thought the Peace Corps complements very well the U.S. diplomatic presence in a country. The embassy's and the consulate's main job is to relate to the government and to look out for U.S. interests in the country and to try to meet as wide a variety of people as possible, but, by the nature of the job you are spending most of your time in the capital city or wherever the office is and you don't have a chance to get out and relate to the common people of the country. The Peace Corps does and they develop that part of the bilateral relationship which we, Foreign Service people, can't.

Q: Anything else that you would like to tell us about life and love in Arequipa? What did you do for fun? What did you do on weekends?

LORD: Frequently we would take a trip outside of town. The Cailloma valley was a lovely valley with good fishing and small towns and some Peace Corps volunteers. Now I believe the valley is a fishing destination on some of the tourist routes.

Q: Fishing for something like trout?

LORD: Yes.

Q: Is it possible to go hiking in the mountains?

LORD: Well, I did climb to the top of El Misti, a 19,000 foot volcanic cone overlooking Arequipa.

Q: By your self?

LORD: No, there were two Peace Corps volunteers, myself and a guide. He showed us the way to go and we got to the top. One of the volunteers didn't make it.
Q: How long did it take you?

LORD: We drove from Arequipa at 7600 feet to a point on the mountain flank at 12,000 feet, so we only had to climb from 12,000 feet to 19,000 feet. We climbed to 15,000 feet by the end of the day and slept there for several hours to rest and adjust to the altitude.

Q: Is there a hut or hostel there?

LORD: No, there is nothing there at all. We started climbing around midnight or shortly after; we had timed this with a full moon, so visibility was pretty good. We reached the summit about dawn. It was tough going at that altitude, but it was just a question of putting one foot in front of the other and stopping for a rest every few feet. Coming down, of course, was much easier. So, we took about 24 hours.

Q: I have a particular interest because while I was in Dar, I climbed Kilimanjaro, which is about the same altitude, but that is a five day trip and you are staying in huts. Sure, the last day we got started in the middle of the night and started out by lantern light for the top climbing over this sort of volcanic scree and we all had sticks to hang on to. It was one step and then one breath and then one step and one breath.

LORD: We experienced the same kind of scree.

Q: But what a feeling of exhilaration when you get to the top and see the sun rise.

LORD: Yes, it was.

Q: Could you play golf or tennis or go swimming?

LORD: You could play tennis. There was a lovely club with a swimming pool. In the

summertime, you could go down to the beach near Mollendo where the upper class of Arequipa had summer cottages. There was always somebody who invited you down if you wanted to go.

Q: How long did it take to get from Arequipa to the ocean?

LORD: An hour and a half.

Q: That's all?

LORD: Yes. There was a good road.

Q: Good restaurants in Arequipa?

LORD: There were some. Arequipa is a delightful town. It is an old colonial Spanish town from the 16th century. There are some marvelous old stone churches built out of a volcanic stone called sillar. It is a white volcanic stone which is quite soft so it can be cut into blocks easily and then the blocks on the facade of the church can be easily sculptured into elaborate baroque designs. Some of the 16th and 17th century churches are still standing, although some of them had to be repaired because this area of the world is along the fault line and there have been some damaging earthquakes there. The whole time we were there we would feel light tremors.

One of the more historic building there was the Convento Santa Catalina, a convent for nuns. According to an old Spanish tradition, if you chose that way of life for your daughter, she would go in there and live a cloistered life for the rest of her life and not know anything of the outside world. This convent carried on that tradition right up until the time we were there. By the time we arrived, most of the nuns had either died or been moved elsewhere. Just as we left, the convent was opened to the public. We were given a tour before it was opened to the public. We felt very privileged to go in there and see the spartan life lived by the nuns and read some of the accounts of daughters of prominent Arequipan families who were sent there never to see the outside again.

The convent, the churches, most all of the buildings in the city, are built out of this white sillar, so it is called la ciudad blanca, the white city, and it is really a lovely place. It is now much more on the tourist route than it used to be. You can fly now from Cuzco to Arequipa and back to Lima.

Q: I would suppose in a provincial city, your socializing was about 75 percent in Spanish?

LORD: Oh, yes, almost entirely in Spanish except for the Anglo-Peruvian community in Arequipa and the American Mining Company, which is not part of the social life in Arequipa because it was located some distance away. We found the Arequipeños to be very friendly and Arequipa an easy place to get to know people. We still keep up with friends there.

Q: So, now it is 1968...

LORD: Let me go back and mention the Kennedy brothers. John Kennedy was assassinated in

the fall of 1963 when I was at Columbia University. I remember that quite vividly. Today I am glad that I was back in the States and could watch this whole ceremony on television. Bobbie Kennedy was assassinated while we were still in Arequipa. Both Kennedys were very popular in Latin America and in Peru. After Bobbie Kennedy's assassination an interdenominational service was held at the local Jesuit church which is right on the main plaza of Arequipa, a lovely historical church built of sillar with a splendidly carved facade outside; the inside had that wonderful combination of white sillar, old dark woodwork, and gold leaf-covered religious decorations. The senior Jesuit priest, a Protestant and a Jewish representative participated in that service. It was remarkable to think that this little outpost in southern Peru would honor an American political figure who was not a prime minister or president in that sense. After all, Lima was the same country where only a few years earlier Vice President Nixon was pelted with stones and spit upon. The Alliance for Progress and the Kennedys evoked quite different attitudes there.

Q: That must have been a very moving experience for you.

LORD: Yes. That came towards the end of our time there, I think it was in June. It was one of our last memories there.

Q: Was the post closed while you were there?

LORD: Well, we closed it.

Q: This was a cost cutting measure?

LORD: Yes, it was one of those periodic exercises where the Department decides to close a certain number of consulates to save money.

Q: So, you have had your principal officer's job pulled out from under you, where did you go?

LORD: We were reassigned to the embassy in Lima in July 1968. I went from principal officer in Arequipa to second secretary of embassy in Lima as second person in the political section. It was a fascinating time to be there because Peru was going through some political turmoil that we witnessed firsthand. We got to Lima in July and in October a military coup overthrew the Belaunde government and ended that democratic interlude in Peruvian history. Peru then embarked on a military dictatorship which took on statist attributes with a strong anti-American bias.

Q: The military overthrew Belaunde because they thought he was too liberal?

LORD: They thought that democracy was not working in Peru. One problem was the IPC case (International Petroleum Company) which was a subsidiary of Standard Oil, I believe. The government had nationalized IPC holdings several years earlier and negotiations had been going on for some time over compensation. The Hickenlooper amendment was very much involved. The Belaunde government finally reach an agreement on IPC compensation and Belaunde's opponents used it to discredit the government, much as it seems to me the Republicans of today

seize on issues to discredit Clinton for political reasons. The IPC settlement was perfectly legitimate and valid but one can make it look as though the government sold out to American interests if presented that way. But the Belaunde government had been under siege by its traditional rivals, the APRA party and the Social Christian Party as well as the left. Belaunde spent most of his time trying to survive rather than dealing with the economic and social problems of the country effectively. So, the military got impatient and decided they would step in and do things better. Of course they didn't. They went in exactly the opposite direction that governments are going today in Latin America. They nationalized more foreign and private interests, particularly the fishing industry. Peru, at the time I was there in the late '60s, was the world's foremost exporter of fish products, largely fish meal. That didn't last long.

Q: The number one exporter?

LORD: The ocean off the west coast of South America is an unusual phenomenon in that the Humboldt current coming up from the south, which is a deep and cold current, rises along the coast and brings up nutrients from the depths. This is fertile feeding ground for fish, particularly for anchovy, which is turned into fish meal. With the effect of el Niño and changes in ocean environment since then, the fishing industry now is very small. But, when the military government nationalized it and started off on its own the industry was reduced significantly and what had been an important aspect of the economy went rapidly downhill. In addition, the nationalization of the sugar industry and some mining and oil companies had a very chilling effect on the whole private sector and foreign investment.

Q: You would think just the opposite, that a conservative military government coming in would try to foster conditions that were favorable towards business.

LORD: To the extent that they did try to attract foreign investments I think they looked elsewhere than to the United States. They certainly did in the field of military assistance by working closely with the Russians. The Russian military assistance replaced American. So, Peru tried to join the neutralist camp in world politics at that time and it was a difficult time for U.S. policy makers.

Q: Your job in the embassy in the political section was what?

LORD: I was number two in the political section which meant that I did a lot of the drafting of the political reporting.

Q: Did you have any particular political party that you were following?

LORD: After the military coup, the political parties were dormant so that normal kind of division of responsibility fell by the way.

Q: Were you covering labor unions, for example?

LORD: No, we had a labor attaché who did that.

Q: Then you were drafting straight political reporting on developments in Peru.

LORD: Yes. Largely whatever mischief the military government was up to.

Q: Was the switch from American arms purchases to Russian arms purchases an important feature of U.S.-Peruvian relations during this period? Did you make a lot of representations about arms sales and purchases?

LORD: I don't recall. There were serious bilateral disagreements over military assistance, over the IPC case, over nationalization policies in general.

Q: Did the Peruvian military indicate to you that they were thinking about taking over the IPC assets?

LORD: It moved in that direction. While I was there the chief negotiator for the United States on the IPC case was John Irwin, who had come down from Washington, and I was designated his aide. So, I went to all of those meetings and took notes. He must have come down at least three times to meet with representatives of the military government to discuss the IPC case and what to do next. As I recall, no agreement was reached with the military government and they finally seized the IPC assets and aid was suspended.

Q: No compensation?

LORD: Talks went on about the subject of compensation and I think eventually there was a settlement after President Velasco bowed out.

Q: Was that an important factor U.S. aid to Peru? Did we have a substantial AID program?

LORD: We did. We had a good size AID program there as well as a military program.

Q: So, when that was suspended, was that a significant event in U.S.-Peruvian relations?

LORD: The suspension was probably gradual but it really was a significant development. At the time it was probably claimed by the military as a great triumph, but for the long term well-being of the country, it was a step backwards.

Another bilateral problem we had was Peru's extension of its territorial sea and economic sovereignty to 200 miles. This resulted in their seizing U.S. tuna fishing boats out of San Diego frequently. That was always a subject of negotiation. I remember going with the naval attaché one time up to Piura, which is in northern Peru in the area where the fishing boats were seized. That is where they fished for tuna off northern Peru and off Ecuador. That continued to be a problem after I left.

Q: The U.S. did not recognize the 200 mile limit?

LORD: This was all caught up in negotiations related to the law of the sea, which was a global

negotiation on our part. I can't remember the details now but we weren't going to accept the unilateral assertion of economic sovereignty over 200 miles, as I recall.

Q: And probably the U.S. fishermen didn't either. So, you must have had a lot of activity with the Peruvian navy going out and nabbing American fishing boats.

LORD: Yes, it happens quite a bit and maybe a bit more often off Ecuador.

Q: Who was the ambassador there then?

LORD: The ambassador was J. Wesley Jones when I arrived. He came down to Arequipa while we were there. I remember taking him to visit a Peace Corps site in the outskirts of Arequipa. They were probably building a school or community building. I remember him being offered a big tall glass of chicha, which is a fermented corn drink that they use as a kind of beer and it tastes sort of like hard cider. It is not heavy and not too strong. I had not anticipated that and was surprised, too, but he was a real professional and took the glass of chicha proffered and drank the whole thing in one or two gulps. I apologized afterwards to him for being faced with that situation, but it didn't seem to bother him.

Q: Good for him.

LORD: He was the ambassador to the Belaunde government and he bore some of the responsibility for the IPC negotiations and the agreement not working out, at least in the eyes of the Peruvians, so when the military came in he left shortly after that. Eventually Toby Belcher came down as ambassador. He was the one who had to work with the military.

Q: One thing that puzzles me Peter, my notes show that the Peruvian military government ousted the U.S. military representatives. I suppose there was a MAAG mission or something like that. Why would a Latin American military government want to push out the American military representatives?

LORD: I think they viewed U.S. military assistance and the role of U.S. military advisers as being too intrusive. They were suspicious of U.S. motives and didn't like the relationship that existed, feeling it was too close to U.S. officials who were trying to undermine Peruvian sovereignty in some way. They just wanted to adopt a more neutralist stance and started cozying up to the Russians to show their independence.

Q: They felt that with the American military arms sales and advisers that this was sort of leading to some American military domination of Peru, or at least the presence was too large there, too intrusive?

LORD: They were just very paranoid about the role of the U.S. and suspicious of the military, CIA and U.S. presence in general. They wanted to limit the ability of the U.S. to influence events in Peru.

Q: We talked a little bit about your life as a consul in Arequipa and what you were doing and the

kind of life that you led. How did that change when you got to Lima? Did you have a different kind of lifestyle?

LORD: Well, you made a whole new set of friends. Of course, you had the embassy staff as a nucleus and met other American and Peruvian friends through them and through your own contacts. We had quite an active social life in Lima with an entirely different group of people. There was a much larger diplomatic corps, more Americans and a different variety of Peruvians. A successful representational gathering that was held at the residence while I was there was one for the moon landing in 1969. We had all kinds of people (Peruvians, government, media, etc.) there with multiple TV screens positioned inside the residence so everybody could watch the landing on the moon. It was a spectacular event.

Q: I think USIA did a terrific job of making it possible for embassies and foreign capitals to view the event.

LORD: After that, three of the astronauts came through with pieces of the moon rock as a public relations sequel to the event.

Q: Do you remember who they were?

LORD: Not right offhand.

Q: It was a great thrill for me when I was in Dar es Salaam a little later on and a group of astronauts came through and one of them was Pete Conrad who had been a classmate of mine both in school and at college. It was great fun to see him again.

Anything else that you would like to add? Did you think it was better for your career being at an embassy rather than a consulate? What rank were you by this time?

LORD: I was an FSO-4, I guess. Working at an embassy you certainly became well known among a group of senior officers.

A couple of other things worth mentioning. It was a great time to be in Peru because it was before any of the insurgency that came on later which made it difficult to travel around the country. Even under the military we were free to travel around pretty much, so frequently on weekends we would get out of Lima because the climate of Lima is unique in that this cold Humboldt current that I mentioned cools off the air there which is quite moist, giving Lima a very humid atmosphere. In the wintertime, it is under a continual cloud cover and in the morning the humidity is 100 percent. You would think it had rained the night before, but it hadn't. The west coast of Latin America from northern Chile on up to Ecuador is arid; it never rains. In the summertime, the sun is warm enough to burn off some of the overcast so you have some sunlight. It can get quite hot in the summer as a result, but in the wintertime it is cold, grey, and depressing.

Q: It sounds like Lima is a little depressing.

LORD: This is a circumstance that exists only along the coast. When you get up a little higher, a half hour out of Lima, you can get above this continual cloud cover along the coast and into the sun. There are lots of interesting valleys, towns, mining sites, etc. to visit.

Q: So, the whole embassy on weekends takes off to the east?

LORD: Some people more than others. We certainly enjoyed traveling. The Callejon de Huaylas is one of the more picturesque valleys in the mountains to the north, and the small town of Huaraz was central to it. This was all destroyed in May, 1970 by one of the worse earthquakes that Peru has experienced in this century. The town of Huaraz was completely wiped out by a mud flow from a 20,000 foot mountain at one end of that valley. As a result something like 30,000 people were killed just in that one town. When you add the other towns where similar things occurred there were at least 50,000 deaths as a result of the earthquake. The U.S. played a remarkable role in supplying emergency relief. I can remember the air force adviser, and who was very much an activist, take charge sort of fellow, coordinating a lot of the relief that came in by air from the U.S. for the Peruvians. We had an operation going around the clock. That was one of the memorable events while I was there. In Lima we felt the earthquake. I remember running up the stairs to get one of my daughters out of her crib and running down the stairs again (The whole time the house was trembling.) and running out into the street. Fortunately, no real damage or loss of life occurred in Lima; most of it was up to the north.

ALAN H. FLANIGAN
Consular Officer
Lima (1967-1969)

State Department; Officer in Charge, Peruvian Affairs
Washington, DC (1969-1971)

Alan Flanigan was born in Indiana in 1938. He graduated from Tufts University in 1960 and served in the U.S. Navy from 1960 to 1966 as a lieutenant. After entering the Foreign Service in 1966, his assignments abroad have included Lima, Izmir, Ankara and Lisbon, with an ambassadorship to El Salvador.

Q: So you had 15 weeks of Spanish and went to where?

FLANIGAN: Lima, Peru.

Q: As a consular officer?

FLANIGAN: In those days junior officers rotated through various sections, but my first six months was spent in the consulate working on the visa line, primarily non-immigrant visas. During my two years in Lima I rotated through most sections of the embassy. I was very fortunate.

Q: This was the period in the late 60's; what was Peru like in those days?

FLANIGAN: Well, it was a very interesting time for Peru. In fact, the relationship with the United States entered into a crisis in 1968-69. But in 1967 the relationship was very close. The government was under the control of Fernando Belaunde Terry, a moderate conservative who was friendly toward the United States. We were very supportive of him and wanted to see him be successful. Unfortunately, he seemed to have a greater capacity for being attractive to people including the United States than for governing. And he suffered the sad fate of being ejected from power twice, the first time in 1968 when the military threw him out and took over. Juan Velasco Alvarado, who was a general in the army, assumed power and instituted what he called a revolutionary government. It purported to be populist and somewhat left of center and was antagonistic toward the United States. One of its first orders of business was the nationalization of a major U.S. owned oil refinery that was owned by the International Petroleum Company, a subsidiary of Standard Oil of New Jersey. This quickly developed into a crisis in the bilateral relationship. In fact, I think this is the only case where we invoked the Hickenlooper Amendment against a country for having seized property without adequately compensating the U.S. owner.

Q: That involved a cutoff of U.S. assistance I believe.

FLANIGAN: It involved a cutoff of U.S. assistance. The result of the *coup d'état* and the actions of the new government was a precipitous deterioration in the relationship.

Q: Who was the Ambassador?

FLANIGAN: John Wesley Jones was the ambassador all the time I was there.

Q: You rotated through not only the consular section but also the political, economic...

FLANIGAN: I served in the political section. Unfortunately I missed the economic section. But I spent an extraordinary amount of time as the Ambassador's staff assistant. I believe I served about nine months in the front office.

Q: So you had a good opportunity to at least observe the state of relations and also the problems in dealing with the new government.

FLANIGAN: I did. I worked for about six weeks - or maybe eight weeks - as the personnel officer, so I had a chance to do administrative work too.

Q: After Lima, what did you do then?

FLANIGAN: Well, I came back to be the officer in charge of Peruvian affairs at the State Department. I had decided earlier that I wanted to branch out and do something else, and I actually applied for and received orders to Japanese language training. However, I was offered the job as desk officer for Peru by Bill Stedman who had been the counselor for economic affairs in Lima and was by this time the director of Ecuadorian and Peruvian affairs in the Department. This was a great opportunity for a second tour officer, so I asked for a change of orders and it

worked out. I came to Washington as the officer in charge of Peruvian affairs.

Q: It is unusual to be the desk officer for a major country on the second tour after only one two year tour at a post.

FLANIGAN: It was. It was a good opportunity, and a lot of fun. In those days, the Inter-American Bureau was fully integrated with AID. The Director of the office, Bill Stedman, was a State officer, the Deputy was an AID officer. I was the officer in charge of Peruvian affairs, and there were two AID officers who were also working on Peruvian affairs with me.

Q: And you were dealing with pretty much the same issues you have just described that arose when you were in Lima.

FLANIGAN: Yes. The IPC case became the dominant issue. You probably don't recall but in the spring of 1969, John Irwin, who later became Under Secretary of State, was appointed as the President's special envoy to Peru to try to negotiate some kind of settlement of the IPC case. He flew down to Lima and conducted a series of negotiations. Then there was a series of negotiations in Washington. I flew up from Lima at that time to be the reporting officer for those talks. That meant I was the notetaker, and for a young officer it was very interesting. In the end, of course, the negotiations didn't resolve anything. They probably attracted John Irwin to government service, however..

Q: Did he have a staff, or were you to some extent his staff?

FLANIGAN: To the best I can recall he used the office of Ecuadorian and Peruvian Affairs, and I was just brought up to be part of the staff temporarily.

Q: That effort to attempt to negotiate a settlement occurred while you were still in Lima.

FLANIGAN: Yes, it continued after I came back too.
Q: But ultimately no resolution, no settlement was reached and we took unilateral action to implement the Hickenlooper Amendment.

FLANIGAN: Although we effectively applied the Hickenlooper Amendment, I believe we did not formally apply it. The hope was that by applying “non-overt” economic pressure and threatening to apply the Hickenlooper Amendment we could persuade the Peruvian Government to compensate New Jersey Standard for the IPC refinery which the Peruvians had taken over.

Q: What were some of the other issues that engaged you while you were the officer in charge of Peruvian affairs? Fisheries matters?

FLANIGAN: Yes, there were always fisheries matters. The seizure of tuna boats was a chronic conflict between us and Peru and Ecuador, so this office dealt with this on a rather regular basis. Because of the crisis in the Peruvian-US relationship, in fact, I dropped the tuna boat portfolio which had traditionally been one of the responsibilities of the Peru desk officer.

Q: For both Ecuador and Peru.

FLANIGAN: Yes. My colleague on the Ecuador desk, Rozanne Ridgway, got involved for the first time in the tuna struggles because she took on that portfolio.

Q: She continued with fisheries negotiations for quite awhile.

FLANIGAN: Yes she did and very successfully. I think it was a take-off point in her career.

Q: I bet she would say so herself. What were some of the other issues? Were there an arms sales relationship with Peru in those days before this difficult period?

FLANIGAN: Yes, for years we had been the principal supplier of arms to Peru. That was a normal relationship with the country; however, at the same time we tried to restrain the growth of sophisticated weapons into countries of the region. The Peruvian Air Force was always seeking a better airplane, and we were trying to avoid creating a situation that would lead to an arms race in the area. I recall that one of the things I did while working as the ambassador's staff assistant was to review the files to compile a history of our efforts to convince the Peruvian Air Force that it did not need jet aircraft, even the relatively unsophisticated F-5 aircraft. In the end we failed. After the military coup the Peruvians bought Soviet jet aircraft, the first Soviet aircraft to be purchased by any country in the Western Hemisphere except Cuba.

Q: Were the Soviets quite active in those days or was it really an opportunity that presented itself to them?

FLANIGAN: They were hardly there. In fact, they did not open an embassy in Lima until after the November, 1968 military coup.

Q: How were relations between Peru and its neighbors? Were there major problems, and were we involved in any of that at that time?

FLANIGAN: Peru and Ecuador have had a difficult relationship for a long time. It goes back to almost colonial times, but the most immediate problem, the most recent problem was in the ‘40s when Peru established control over land in the north which the Ecuadorians considered and still consider to be theirs. I believe the two countries agreed to the new border in 1946, and the United States is one of the guarantor powers of that agreement. As you know a couple of years ago there was an outbreak of violence on the border, we became engaged again. Luigi Einaudi recently went down as a special envoy to try to help restore peace between the two countries.

Q: The other thing we think a lot about Peru in recent times is terrorist activity, insurrectionist groups, all of that has come much more recent since your period.

FLANIGAN: After I left. When we lived there it was a relatively peaceful country. The population was less than half of what it is now. The population of Lima itself was about two million. I believe it is close to 8-10 million now. The problems of urbanization were evident then, but they have become much more dramatic. Also, although there was coca was commonly

grown in parts of the highlands, but it was not normally processed into cocaine. People in the highlands used it. It was a problem for them, but Peru was not considered at the time to be a major threat from the drug trafficking point of view.

Q: Not a supplier internationally of any significance.

FLANIGAN: Cocaine simply hadn't become the problem it became later.

Q: How about particularly when you were the desk officer, was there a lot of interest in Peru by members of Congress, Senators?

FLANIGAN: There was a lot of interest, an inordinate amount of interest because of the revolution. Juan Velasco Alvarado considered himself a revolutionary; at least he advertised himself as a revolutionary. In the late '60s having a revolutionary as the head of a government on the west coast of South America was a troublesome concept for a lot of people in the United States so it attracted a lot of attention.

Q: Did he come to Washington at all during the period you were on the desk?

FLANIGAN: He certainly didn't then, no. I don't think he was invited later either.
Q: He might have gone to the United Nations in New York.

FLANIGAN: Might well have. I don't recall that he did, but he probably did.

Q: Did other agencies in the United States Government have a lot of interest or was the State Department particularly the Latin American bureau conducting most of the aspects of relations?

FLANIGAN: I think the State Department largely had the responsibility for relationship in those days. Things that Treasury or Commerce today might play a larger role in, they monitored but weren't directly involved. For example, when Irwin conducted his talks, there was no representation from other agencies.

Q: Even though the bilateral talks were dealing with an economic issue?

FLANIGAN: Dealing with the issue of compensation for seized American property.

JOHN T. DOHERTY
Labor Attaché
Lima (1967-1969)

Mr. Doherty was born in Kentucky in 1928. His postings abroad included Mexico City, Lima, Buenos Aires, Brussels and Lisbon. He was interviewed by James Shea in the fall of 1991.

Q: Do you want to move on to Peru now, John?

DOHERTY: Okay. I arrived in Peru in 1967. The Communists were quite strong. The General Confederation of Peruvian Labor (CGTP) was in fact the dominant labor organization. There was a small Christian organization, which CLASC had been supporting both financially and with personnel, but they never really got off the ground. The other major trade union movement was the APRISTA movement which was the CTP. With an aging leadership and limited finances, they came to depend a great deal on ORIT and the AIFLD. One of the keys to this was that Arturo Jauregui, who was the General Secretary of ORIT, the Inter-American Regional Organization of Workers, was also a Peruvian and an APRISTA. He encouraged that kind of cooperation and in fact the AIFLD set up what was called the *Centro de Studios Laborales Peruanos* (CELP), which conducted courses mostly for CTP unions, but there were some independent unions as well who sent their workers to participate in those courses. The role of the American labor movement in Peru was, of course, much more pronounced than it was in Mexico.

Q: Do you recall who the representatives of the AIFLD were at that time?

DOHERTY: When I arrived, Tom Miller was the director. He subsequently went off to Asia [to work] with the Asian [American Free Labor] Institute. He was temporarily replaced by Bill Douglas, Dr. William Douglas, who has been involved in a lot of the educational activities of the AIFLD. At the time when he was in Peru as the interim director, he was writing a very interesting book on democracy, which was subsequently published. His assistant was Roberto (Bob) Cazares. They brought in Chuck Wheeler from Argentina to do some trouble shooting and help put things back together after some internal problems. That was basically the staff when I was there. Chuck Wheeler was acting director for awhile.

Q: Were they an effective group?

DOHERTY: Extremely effective. In fact there were a lot of attacks in the press by the Communists alleging that the CTP had become nothing more than a puppet being manipulated by the Americans. In truth the CTP and most of its unions, with perhaps the exceptions of the Sugar Workers Union and the Clerical Workers Union, were just plain poor and welcomed financial support and the opportunity to have people come in to conduct seminars who knew something about organizing trade unions and putting together organizations.

Q: How strong were the Communists? Were they the majority?

DOHERTY: They were in the majority. They were extremely strong. They were called "Moscovites." Their main source of support came from the Soviets. There was a smaller group of so-called "Chinese Communists" that didn't really amount to too much, although it is interesting that today the Shining Path (*Sendero Luminoso*) would call itself "Maoist" and probably embrace some of those early organizations supported by the Chinese. But it was the Soviets who backed the CGTP, and the CGTP was capable of shutting down the country-I always used that as a barometer-and the CTP, the APRISTAS, which on two or three occasions called nation-wide strikes, were not [capable of shutting down the country] without the participation of the Communists.

Q: And how effective were these strikes?

DOHERTY: Oh, they were very effective. They controlled transportation and utilities for the most part, and they could really effectively shut down the country. It didn't happen very often, but when they decided to do it, they could do it. They had that potential. They could be very disruptive. One of the main reasons the military continued to try to hold a tight rein on the nation was the threat of Communism.

Q: Do you recall who our Ambassador was at that time?

DOHERTY: Yes, John Wesley Jones was our Ambassador, and his deputy was Ernest Siracusa. Subsequently, Toby Belcher and Ed Clark replaced them in those roles. That was about the time of the overthrow of the Belaunde government, the democratic government of Peru, which was overthrown by a military coup in 1968. A lot of it was blamed on negotiations with the IPC, which was Standard Oil. The Embassy was accused unjustly of having favored IPC in this whole undertaking. Although many [of the Peruvian military] had been trained in Panama under US auspices, a lot of them came out of their own [equivalent of] West Point in Peru, where Marxists had infiltrated. When the military government took over, it was not only Marxist in orientation and focus but strongly anti-American. On the labor side it favored the CGTP, the Communist Confederation, which gained even more strength and more prestige at the expense of the APRISTA CTP. So the fall of the government directly affected my work in the labor field. In fact I was declared *persona non grata*, but by the time they ordered me out because of my close work with the APRISTAS and with the CTP, I had already gone on direct transfer to Buenos Aires.

Q: Would you say that the militant Communists at that time in Peru were as violent as the Sendero Luminoso *[Shining Path] movement?*

DOHERTY: Oh, no. No, they did advocate a lot of marches and confrontations but they were not involved in the kind of murderous lunacy [that the Shining Path is]. It is difficult for me to comprehend any organization as wild as the Shining Path, except some of the younger people in Argentina involved in various revolutionary movements, which were also quite violent.

J. PHILLIP MCLEAN
Special/Staff Assistant, Latin America (ARA)
Washington (1968-1969)

Mr. McLean was born and raised in Seattle, Washington and was educated at Seattle University and the University of Indiana. He entered the Foreign Service in 1962. A Latin American specialist, his service in the State Department in Washington and abroad, primarily concerned Latin American Affairs. His foreign posts were Brasilia, Edinburgh, Panama City, La Paz, Milan and Bogota, where he was Deputy Chief of Mission. In Washington Mr. McLean held positions

dealing with Latin American Affairs, including that of Deputy Assistant Secretary for South America. Mr. McLean was interviewed by Charles Stuart Kennedy in1999.

Q: Then you moved in ARA to something different?

McLEAN: Then I moved, just before the transition in December of 1968, from being in effect a back office staff assistant to be a front office staff assistant, to be somewhat outside the door of the assistant secretary. But, of course, the assistant secretary had left and Ambassador Vaky, Pete Vaky, became the Acting Assistant Secretary, and he was Acting Assistant Secretary through the transition, so it was one of the great interesting periods of my education. Sometimes I feel that my life in the State Department was a continual education.

Q: This is what we're good at, I guess, absorbing information. Tell me about, in the first place, about Pete Vaky and then about the transition, because this would have been from the Johnson Democratic Administration to the Nixon Republican Administration.

McLEAN: That's right. It was a great change. Pete Vaky had come to the job from... Just previously he had been part of the policy planning staff. He was known because he had done an important study on Cuba, so he came to people's attention. He had been the deputy chief of mission in Guatemala before this. That's why for him the death of Ambassador Mein was especially traumatic. He was a very admirable guy, a very idea-oriented person. I had met him before, but he took over the job in about September and so had been in it for several months as the deputy assistant secretary, and when the deputy assistant secretary, left, Pete stepped into his seat and for three or four months was the person who ran the bureau. He later found out, in January, that in fact he had already been selected to go over to the White House to be the Latin American chief, so he was in an awkward position because he was holding onto the bureau and keeping the bureau going at the same time he was supposedly working for Henry Kissinger as advisor. I guess it's no secret now that in those days staff assistants regularly listened on the telephone to people. I don't want to be revealing any...

Q: No, no, no.

McLEAN: At that time it really actually worked all right, because it allowed a staff assistant not to have to take orders. When the boss had something to be done, he didn't walk out and tell you, "Go do this"; you just went out and did it. But it also gave you enormous opportunity to listen in on history being made. I would be listening to Vaky talking with Kissinger or talking with William Rogers or talking with others, so I had a terrific sense of the changing of the guard as these went from one government to another. First, I would say that in the Johnson Administration what was fascinating was watching power dissolve. I came to experience that personally later, but at that particular point in the game you'd watch how the President of the United States or the departments of the government begin losing control of things. I can remember a couple issues that came up in the last days of the administration. The Secretary of the Interior, Udall, made a deal with Occidental Petroleum to set up a refinery in Puerto Rico, and his agreement was totally contrary to something President Johnson had promised the Venezuelans. Suddenly we had to work to try to get this overturned to try to keep policy

consistent across the administrations. And there were other problems. Suddenly departments started doing their own thing without regard to the White House, and it was a real scramble, and President Johnson, being President Johnson, reacting rather dramatically as this chaos began to spread. When the new administration came in, we started having contacts, of course, obviously before then and doing books for it. Perhaps one of the interesting things that we saw was just in the first days of the new administration, the first day in fact. The first day after the inauguration, President Nixon had decided apparently to ceremoniously show his interest in Latin America by calling in Galo Plaza, who was the Secretary General of the OAS at that time, the Organization of American States. I remember we got a call mid-morning saying, "Do you think that would be possible?" and we said, yes, we thought it would be possible, and they called back five minutes later and said, "We want that to happen now," and then we got a call a few minutes after that, "We want it to happen in an hour or an hour and a half." So we set up this meeting and got Galo Plaza to come in from his home in Potomac, and Kissinger and Vaky and Plaza and Nixon met together that day, which was a nice gesture. Who actually was behind all this and what was going on is not totally clear to me, because I was the traffic cop for someone who was helping move this thing but not somebody who was there ahead of time. One of the strange things that came out of it, according to the report that I saw--and I saw this both in the memorandum of conversation but also in the New York Times (it got leaked, it was a very secret conversation that got leaked, much to our great discomfort, because only a few of us had seen the memorandum of conversation)--what apparently had happened is Nixon asked Galo Plaza, "What could I do as a gesture to get my relations with Latin America off to a good start?" and Galo Plaza says, "You could send an envoy to Latin American, and that could be my friend Nelson Rockefeller." So at that moment was launched the infamous Rockefeller trips around Latin America. In fact, let me just be clear that maybe in fact it was Nixon who said, "How about a trip around, and who should do it?" but the point is that Galo Plaza suggested Nelson Rockefeller. Our sense was that this was not a greatly pleasing suggestion to President Nixon, but it fact he was put in that position and not being able to back off from that. So then we thereafter were going to have the Rockefeller trips around Latin America. The other big thing was that the Kennedy/Johnson Administration, the Kennedy Administration, had had such a powerful ideological policy under the Alliance for Progress that when the new folks came in, they didn't have that particular thing, but what they did know was that they didn't like the words 'Alliance for Progress' and it became very hard for the bureaucracy to turn the boat around and stop talking about Alliance for Progress and start talking about something else. Kissinger's solution to this was to ask the community led by the State Department, bureaucratic community led by the State Department, to do some studies, national security study memorandums, and for some many weeks the Department was totally involved in trying to produce this paperwork to create a new policy. There were those who could not stop talking about the Alliance for Progress, and the public affairs guy from the Bureau was moved out because he just couldn't stop talking about it. But a new, different policy began to take shape, formed somewhat by a crisis that was looming, and that was that in, I believe, November of the previous year the Peruvian military had overthrown the Belaunde government and had nationalized the International Petroleum Company, a subsidiary of Exxon. Under the Hickenlooper Amendment, the U.S. government had six months to get this thing resolved, where the clock was ticking and we were heading towards that date, so there was a crisis really building up at that point and we had to get a decision made, when the administration was totally new, as to what we were going to do about this matter.

Q: I would take it that the Latin American Bureau was not as heavily hit, because Pete Vaky moved over to the NSC (National Security Council) and all, but you talk about these national--what were the papers?

McLEAN: National Security study memoranda, as I recall. They get renamed every administration.

Q: One of the things that's mentioned about the Kissinger period is that supposedly these papers were launched. Maybe something might come out of it, but the main thing was to tie up the State Department while Kissinger could grab control over the reins of power of foreign affairs.

McLEAN: Well, I supposed that was one of his motives. In fact, maybe he says that.

Q: He may have said that.

McLEAN: He actually says that in his book or one of his books, because, as we all know, he had a very strong consciousness from an early age that bureaucracies make it difficult for policymakers to make policy. But however it was seen from there, from the State Department, from the Inter-American Affairs Bureau, he was taken rather seriously. At that time you have to remember that the Bureau was a combined bureau. It was combined with State and AID.

Q: And it did not include Canada.

McLEAN: It did not include Canada at the time, but almost every officer, every country office, was a mixture of State and AID employees, so the bureau had very strongly moved towards this development point of view. That's why I say communism wasn't the only driving force. It was really a bureau set out to develop Latin America. So the people took this very seriously and produced lots of strong, very analytical papers that were sent along. I don't know what was ever done with it, but it probably did cause the bureau to start moving on and getting the bureaucrats themselves to think differently. When I say bureaucrats, I mean us. There had been some interesting ideas. Nixon had expressed in the campaign that he wanted policy towards Latin America trained on AID, and so we trotted out some ideas. In fact, even in the transition papers we trotted out some ideas about how you might have a trade policy that favored Latin America. Of course, that came into conflict with most-favored-nation thinking and our GATT (General Agreement on Tariffs and Trade) commitments, and that was set aside, but we worked out some policies that began to reflect a different point of view, a different language. One of the things that occurred along this line later was that the Latins themselves decided that they were going to confront the United States with the need for a new policy. They too wanted to stress AID, and the foreign ministers met in Viña del Mar. This was probably as late as April. I remember then again it was one of those times that I thought that I made a contribution, because the tendency was to say let's forget about these Latin foreign ministers and let them go away because we're not interested in this, and I remember that there was a frustration in the Bureau but people weren't articulate. I remember typically getting papers at six o'clock at night, supposedly go to the White House and asking for an appointment for these foreign ministers, and I can remember sitting down for the next three hours and redoing the memo and the package, redoing the memo from the acting assistant secretary, his assistant secretary, Charlie Meyer at that time, to the

secretary, and from the secretary to the President, and in very dramatic terms saying this is something that's got to be done. And it was done. The President did receive them for good or ill. Out of it came a mechanism for dealing with trade complaints. I don't think it was very significant, but it did depressurize the mood by the Latins at that time to confront the United States. That was part of the changing view. I would say--and I knew that as I went through my career--how different it is to be in the bureaucracy trying to push things or move new ideas and how free it is to be in a position where you can actually shape policy somewhat above the bureaucracy or at a certain level. I remember how much smarter I felt every day, because what happened in this period after I became staff assistant was I became special assistant--I was the chief aide to the assistant secretary--I suddenly felt enormously intelligent because I was well informed, I was in the right position to know everything that was going on, and I'm sure I was arrogant, as all people in those positions are. But I always remembered that. I did have some self reflection and say, "Why was it so difficult to get things written and to do things before, and now when you're in this position suddenly words come flowing out?" and it's because you have a different perspective. You have the perspective of the policymakers. You can just put it into words and get it done. So it was a good, productive period.

Q: Did you have any feeling at this transitional time of power moving from the State Department to the NSC? In a way, Latin America always was not very high on Henry Kissinger's list or Nixon's list really, and it was maybe not that business as usual but at least there wasn't the take-over that happened in... Africa may have had the same thing, but European and Asian, not even Middle Eastern, but those two were the main ones at that point.

McLEAN: Sure. Over time, of course, it was going to get worse. In the day of the Johnson Administration, the decision-making mechanisms had been changed in a way that potentially strengthened the State Department. I think it's accurate to say it was really only the Latin American Bureau that fully implemented the program or system called inter-regional groups, and the idea there was for the principal agencies, only the principal agencies, to sit down and run policy for each of the areas, and that was the assistant secretary of state, the regional person in the Pentagon, the person in the CIA, person from the NSC, and USIA, AID, and then, if it dealt with some other particular interest, an equivalent person from another agency, and that body was supposed to make decisions. In the small office I was in before becoming front office staff assistant, we did the work for those meetings, and they actually took place and they actually worked. We had country papers that were done every year that were designed to be the resource-allocating mechanism for all agencies. They were called country analysis and strategy papers, and you were trying to define those to make those a central way of getting agencies to give their resources to the foreign policy in one particular country or another, and we were beginning to refine that so that we would actually do it perhaps on a hemisphere-wide basis. I don't think any other bureau in the State Department picked up the authority that was in Johnson's memorandum on this and tried to use it. They key part of this was that decisions where there was no objection of the principal agencies became the decisions, became the policy of the U.S. government, and only if there was an objection was it brought to a higher level or eventually to the White House. The first thing that Kissinger did was to change that, that no decisions would ever be made at that level. Immediately, of course, the system changed completely and it became much more just discussion forums rather than decision-making forums, and that seems to me, at least from my American perspective, we could deeply weaken the leadership of the Bureau around Washington

on Latin American issues. So that was one thing. Of course, the other thing is, as you suggest, from conversations I overheard with Kissinger, it was quite clear there were two things he was not comfortable with, and one was Latin America. He was always expressing surprise at different things that had been agreed on that. And the other was economic matters. That wasn't something that drove him. He immediately changed any economic discussion into a political discussion.

Q: You moved on to become what, the special assistant?

McLEAN: I became the special assistant at that time. The job, I think, in the Department now is called executive assistant. At that time I was the senior aide in the assistant secretary's office. As I say, Pete Vaky was there for several months, I think from December through January of the Johnson period, and then in February or the beginning of March an assistant secretary had been appointed but wasn't confirmed until later than month.

Q: Who was that?

McLEAN: That was Charles Meyer, Charlie Meyer. Charlie was, is, someone with a great background in Sears, Roebuck & Company. He was married to the great personality of Sears Roebuck's General Woods' niece, and he at a young age had gone out and started Sears Roebuck stores around Latin America. He had enormous fluency in Spanish and he was just one of the most friendly people in the world. He must be, because I had never seen a person with so many friends, throughout Latin America, throughout the various places where he had been as vice president of Sears and that included Philadelphia. He came from Philadelphia. Before that he had been in Texas, probably a Dallas store, and at one point he had been the vice president for international relations with Sears--a very interesting person.

Q: I would have thought that, coming from that background, he would have found himself... In a way it would have put a lot of weight on you to tell him how to operate within the bureaucracy, particularly when you had somebody such as Henry Kissinger who was sort of undercutting the State Department. Did you feel that at all?

McLEAN: Well, I did, because he was clearly new, though by that time, by the latter part of the time that he gets there and he appoints a new deputy assistant secretary, by the time the deputy assistant secretary comes in, John Crimmins, to take his place, he did have that strong advice from the career service. But I certainly played a role. He just was very perplexed by the way the State Department ran. Problems would be brought to him, and he would turn around and send them down into the bureaucracy. He'd say, "Get the Brazil desk to look at this." And it was a great frustration to him that, if he did that at ten, by five o'clock in the afternoon there was a decision made and a memorandum back on his desk again still asking him to make the decision, because the Assistant Secretary was the level where so many of these sensitive decisions had to be made. He was used more to an atmosphere where managers set goals and the decisions on how to implement them got done on the operating level. But in the State Department they kept popping back up. The long hours was also surprising to him. I remember--I think he was kidding, but I'm not sure--that he had lost 12 pounds since I took over scheduling him, because I had one schedule after another going, and he was being scheduled every half hour. In retrospect, I probably overdid it. But there were enormous pressures. I'm sure I was turning down four-fifths

of the requests that came our way. But I guess that was the main problem, was his schedule, which he found very difficult. He also, like lots, was suspicious of the Department. He came under pressure to break up the bureau and give AID back its Western Hemisphere section. The new head of AID really wanted it back. In the end we took a survey of both the AID and the State people and found that they very overwhelmingly wanted to keep the arrangement, because they thought it was useful to them. Surprisingly the State people had gotten very used to having their hands on the pocketbook more, having AID resources more directly at hand. The joint arrangement continued for a good long time, and for another eight years more I had this back-to-back arrangement. He was a very business-minded person in other ways. I remember when it came to the final decisions on the IPC matter, at a very intense meeting trying to make a decision on it...

Q: This was in Peru?

McLEAN: This was in Peru. He turned to me--I was sitting behind him as all good aides do--and he said, "Call the international--I forget his name--the international vice president of Sears and get me the sales figures for the Lima store for the last six months." I can remember thinking what in the heck does this have to do with this. But I did it. He obviously got some comfort, some sense of what was really going on in the country, and he was particularly moved by the fact that the U.S. business community in Peru and in Latin America very strongly did not want to impose sanctions against Peru, because they felt that it would result in nationalism and would hurt their business interests. In the end the decision was basically not to make a decision but to put it off for a time. It wasn't resolved for many years after that. But Charlie got into the bureaucracy and, in fact, he said right at the beginning one of the things he wanted to do was stay for a long time, and he did that. He set the record as the longest service assistant secretary of state, so I got him off to a good start.

Q: You mentioned the Rockefeller trip, and you said, "the infamous Rockefeller trip." I've had other reflections of the Rockefeller trip by people who were in post where he arrived--particularly he, but not only he, but his staff arrived--and I wonder if you could tell how you all viewed it from your perspective.

McLEAN: Well, from our perspective, it seemed to sort of spin out of, not necessarily spin out of control, spin out of any sense of proportion. Very early on, Pete Vaky, who was still in his acting capacity, met with him. In fact, I think he got in a limousine with him and went to the airport, and that was the extent of his chance to get across to him. He was basically trying to say, "Keep it modest, keep it in proportion. Go down and have intimate contacts with these folks. That's really what they really need and really want. Otherwise you're going to get a very strong reaction, negative reaction." I remember Pete telling me that Rockefeller was just enormously optimistic that anything he took on he could do and he would do, and we shouldn't worry about it. He had learned from Franklin Delano Roosevelt to take the initiative and be positive, and that was the view we should take. So we shut up and watched things happen. What happened is, it's my understanding that the trips cost about a billion and a half dollars, which was a lot more money than it is, a fair amount of money at that time. This is strictly out of my memory, and I don't know, maybe I've got this wrong by a zero or two. But the money was split up, was paid for one-third by the State Department toward Rockefeller's expenses, one-third by AID and I can

never remember how we justified having AID, and one-third by Rockefeller himself, and Rockefeller paid for the press coverage. He then assembled a very large group of people, 15-20 people, who would go on these trips, and they would make several trips at a time. They would hit several countries and then come back and report, and then go back, and they did that and they went from place to place, but as they got going more and more, the press was very bad, and that just stirred more confrontations and more difficulties, in part because they tended to just drop in on embassies, and Rockefeller just had the sense that the embassy had to step aside and let them take over. Many of the embassies had a hard time doing that. In a place like Panama, where the embassy was so used to digging in its heels and fighting bureaucratically against the military, various parts of the military, and Canal Zone government, the ambassador was almost literally pushed aside and in fact left the post early because Rockefeller made it known he didn't like it, didn't like what went on. The ambassador was saved by the system and was sent out to another country. But, as I say, they would come in with such demands. They finally met their match in Bolivia, where the embassy would not allow them to go into the city. If you know Bolivia, the airport is up on a high plateau, *alto plano*, but to go into the city you had to go down a narrow road, and the embassy saw no way in security terms that they could make that happen, and it became very bitter, very difficult. The ambassador, a man by the name of Raoul Castro, and his staff were in very bad condition with the Rockefeller people, because the Rockefeller people were so insistent that something different had to take place. In the end the whole visit took place at the airport. I don't know why, in retrospect, they couldn't have gone to some other place like Cochabamba or Santa Cruz, but that was the way it was. I'm sure there and other places caused great anxiety and in some cases career damage. In a very few, very, very few cases, it did cause some people to get promoted, because they did it right or did it in an acceptable way to them. But what was happening on this, this press presence was another lesson that I learned at that time. When you have a lot of press with you, you'd better darn well have news, because otherwise they're going to report something. I can recall the case when they went to Quito, the capital of Ecuador, and they had some very uneventful meetings and nothing particular happened, but down in Guayaquil there was rioting. It was a long way away, and the rioting had nothing to do with their visit whatsoever, but, of course, the U.S. press reported the rioting in Guayaquil as if it were related to Rockefeller's trip, and it made an enormously bad impression both in the United States but also in Latin America, meaning that each stop on the trip got a little worse than the one before because it was getting a bad reputation. They had a reputation of going and talking rather than listening. Again, I would hear the debriefings that Rockefeller would make to Meyers over the telephone, and I would take the notes, and I would get them around to people so that they would know what was going on, but, I must say, it was all pretty light stuff at that point. They eventually, long afterwards, produced a report, which I don't think was one of the great reports. By that time he was over at the White House, and I think he did his best to make it a better report, but policy got caught up in the sense that, if you want development, maybe the way to do it is to have authoritarian states to do it. I'd have to go back and read it, but I think that to a degree is reflected in the Rockefeller report, in effect giving blessings to these military developmentists, governments led by military with the goal of bring development to the countries.

Q: Somewhat foreshadowing Jean Kirkpatrick in the Reagan Administration.

McLEAN: Well, of course, by that time it was a little bit different. That didn't have the

development... [end of Tape 2 Side B]

Q: This is Tape 3 Side 1 with Phil McLean.

McLEAN: So in effect blending this previous emphasis on development with a newer, perhaps more *real politique* view of things, you came up with this idea that military governments dedicated to helping the poor could be good things.

Q: These special people coming out to Latin America particularly--one thinks of the Milton Eisenhower trip under the Eisenhower Administration, and then Adlai Stevenson went out, I think, was it under Johnson?

McLEAN: Kennedy.

Q: Kennedy, so it was sort of done. It's almost as though we give a high-power, high-profile trip to an area that we're not going to pay a hell of a lot of attention to anyway.

McLEAN: Well, I think there is some sense. Maybe it's an old-fashioned concept in our relations with Latin America, but the sense in Latin America with our U.S./Latin American relationships is that, to the degree that you have developed personal contacts, that's a good thing and we should do that. So that's a natural way that you tended to go with Eisenhower traveling around. Kennedy sent out Adlai Stevenson, but he also sent out Burley, and Johnson himself goes out and makes a couple of major trips. Maybe Johnson's the beginning of when the sense of scale gets lost, with huge trips and American airplanes coming in. In the Rockefeller case it's not that the attention wasn't good, but again the scale was way off the ground. Two airplanes would come in together, and you would have 15 or 20 people going out and meeting. They would break up into groups and meet with different parts of the society and get an instant analysis of what was going on. So I think that some of what was going on was a sense of being overwhelmed by these folks, but it happened and I don't think it left any permanent scars.

Q: When one talks about Latin America, one always ends up going from Central America down. What about Mexico? Did Mexico come up? It's really our major concern, but it seems to be treated almost as something outside the Latin American sphere as sort of on its own.

McLEAN: I think at this point that was really very true. We didn't have a formal AID program with Mexico, and we didn't have a large military presence, so the major actors, major agencies, working on Latin America didn't have a large presence in Latin America. The exception, of course, is the CIA, which did have a presence and did have a role, probably in some ways a more significant role than it had in some other countries. But in the agency discussions, it did not become a big issue, which seems strange from this point of view, because so many things were going on. There was lots of economic activity going on. There were lots of consular activities, important things, going on, but it wouldn't rise up and become a major issue, as I say, in part because the agencies that dealt with Latin America weren't in fact pushing it.

Q: Each agency almost had its own thing. I mean, for example, from what I understand--I've never served there--you have their foreign affairs establishment which essentially has a sort of

an anti-American policy where you have the CIA and their intelligence operation getting along very nicely, thank you, and the FBI and other groups. They all kind of do their thing, and it's almost without anybody really controlling it or really caring to control it because it works.

McLEAN: No, I think that's right. It was certainly true in the Inter-American Bureau that it was a strange disconnect. There was even a disconnect in the budget of the Inter-American Bureau, the ARA Bureau. We had an enormous rise in our budget. When I took a look at it, what happened? Oh, we were given money to build a dam, to build irrigation systems, all on the Mexican border, but it was in effect domestic money. It wasn't from the foreign policy account or the foreign relations account. The State Department had a man who was working on building irrigation systems all along the border, and yet he was almost not related to the rest of us. That was very true throughout this particular period. Later on Mexico becomes much more central, certainly by the time you get to NAFTA (North American Free Trade Agreement) and things, but even before NAFTA you begin to sense something's going on on our border that we're going to have to pull together. But only in the days of the interagency regional groups did you have this sense of pulling together policies from all agencies and the discipline of the ambassador and the Bureau and the State Department. It was the only time I ever saw that really come together in the same way. The chaos of Washington trying to stay on top of what other agencies are doing in various countries, I think, was greater before that, and it certainly was true in recent years that the State Department always has to play catch-up and doesn't have quite the power that it did in the days when it was much more on top of budgets and things. But Mexico was one that always escaped that control or that discipline, and the embassies I don't think ever really had, from my observation, full knowledge of what was going on by the U.S. Government in their countries.

Q: Is there anything else we should discuss on this particular period?

McLEAN: I think not. I think that my period there was a very intensive period, serving in a special system like that. I used it to get out and go out to university, and that's what we can talk about, to study Latin American studies.

Q: Doesn't this sort of thing have quite an impact on the family, a job like this?

McLEAN: It was obviously a difficult time, but as soon as I knew that I was moving into this type of area, I remember I moved from the suburbs closer in to Washington. I moved into an area just above Georgetown, Glover Park, and discovered that, since I didn't have to pay income tax, local tax inside the District, I could barely afford to do that. So it was a good thing, but obviously the glories of working long hours or too long hours, for one thing it becomes a bad habit, and it grew in a period when I really needed to as part of the job, but then maybe that habit lasted later and the fact that the marriage of that day only survived 29 years but didn't go longer.

SAMUEL D. EATON
Director, USAID
Lima (1968-1970)

Samuel D. Eaton was born in New York on February 13, 1923. He obtained an A.B. from Drew University. He was in the US Army from 1943 to 1946. He served in La Paz, Rio de Janeiro, Bangkok, Bogota, Lima, Quito, and Madrid. He also served in the State Department at the Office of International Finance, and the Policy Review for Latin America. He was Deputy Director to the Office of Colombian-Venezuelan Affairs and Deputy Assistant Secretary for Latin American Affairs. He was interviewed by Charles Stuart Kennedy on October 22, 1990.

EATON: I went to War College. And after War College, I had two options. I could have become director of an office in ARA or gone to Peru as AID director. And I made a career decision that many people would say was the wrong one, because I decided I'd go to Peru as AID director. It probably was the wrong one, from a career point of view. It got me away from a Foreign Service career and a little out of sight. If I'd stayed as an office director, that might have led to a different career path. But I can't complain at this point.

Anyway, I went to Lima as AID director. I had found the AID work very stimulating, very interesting. We hoped that we could do something in Peru. Our AID program was tied up over conditionality, much of which was nondevelopment-related conditionality over the solution of a nationalization of an oil company, conditionality over purchases of armament, airplanes. And I hoped to go to Peru and get our program moving again and resolve these conditionality issues. And I liked Peru, it was a place I wanted to do some things.

We went down and worked out a program. I brought it back to Washington to sell in Washington. By that time I knew something about the bureaucracy, and I think I got it agreed to, and we had gotten over the conditionality humps and were going to go ahead with a significant program in Peru, which I thought could have some effect on the future of Peru.

I was ready to go back, when on October 2, 1968, there was a coup in Peru and President Belaúnde was overthrown -- for two reasons. One is that he had reached a settlement with the International Petroleum Company which was controversial. And the second was that he had not rewarded one of the military officers who thought he should be minister of defense or chief of staff with that job. He passed him over, and that fellow wasn't ready to be passed over, so he decided take over.

And so he did. He was very nationalistic and he wanted to bait the United States. His own foreign associations had been mainly with the French. He came from a part of the country where the International Petroleum Company had been operating; he felt very strongly on their role in the country and he wanted to penalize them. So when I went back, the job of AID director was basically a defensive one.

Q: You were up against the Hickenlooper Amendment, weren't you?

EATON: We were up against the Hickenlooper Amendment, we had to negotiate on that. And also we got constant sniping from the Peruvian government on aspects of our program. We had to defend what was going on. So there wasn't much constructive one could do.

Q: Just to get a little feel for this, it must have been... I mean, after all, you were there in order to aid the Peruvians. You have a government, coup or no coup, however it came in, it was a government giving you a difficult time. What was our feeling? Why didn't we say the hell with it and just pack up and leave?

EATON: Quixotes, you know. We think we have an obligation to do something for Latin countries, I guess. We were looking for the longer term also. Of course, we could have done that, but we were looking for the longer term. We wanted to do something for Peru and...

Q: When you say "defensive," what does it mean when we're being defensive on an AID program?

EATON: Well, the government ginned up charges, for instance, against road contractors. And I had to spend a lot of time making sure that we responded adequately to those charges. The Hickenlooper thing, how to avoid imposition of the Hickenlooper Amendment.

Q: We have a long interview (I didn't do it, it was done in California) with Ernest Siracusa...

EATON: We were there together.

Q: ...on this issue and the machinations that went on. And it included going up and seeing President Nixon to try to...

EATON: Ernie was heavily involved in that, of course. John Irwin, who was later Under Secretary of state, was appointed to negotiate and came down and we talked with him about it.

In any event, it was frustrating. So I decided that, even though living in Lima was very comfortable and I enjoyed it, I was spinning my wheels and that it was time for me to return to a regular Foreign Service job. And so I wrote my friend in Washington and said, well, see if something can come up. So I went to Quito as DCM. Although that wasn't what I had in mind, that's what they decided.

Q: What was the political situation in Quito at the time?

EATON: Perhaps I should say one more thing about the experience in Lima before we go to Ecuador.

Nixon came in and he asked Rockefeller to go around Latin America and do a report. So, in the AID mission in Lima, we developed recommendations. And I developed recommendations. I had strong ideas as to what should be done, and one of them was to work hard to reduce the nondevelopment-related conditionality on AID programs. After all, the whole concept of AID programs is to provide effective development of systems, the purpose is not to achieve other objectives, and that we ought to improve the focus of them. And so we spent a lot of time on recommendations which we provided to the Rockefeller mission. Insofar as I know, they were never read, never taken into account. And the final Rockefeller report, I thought, was worthless.

Worthless, absolutely worthless.

Q: Do you have any idea why it was worthless?

EATON: Well, I think that the people who were involved in writing it were inexperienced staff people for Rockefeller. He himself had little concept, although he had a lot to do with Latin America, of what the issues of the time were.

I got to Quito and the ambassador there said, "Have you read the Rockefeller report?"

And I said, "I have."

He said, "Isn't it great?"

And I said, "No, it's lousy."

It really was. Disillusioning. Rockefeller had an excellent reputation with respect particularly to the role he played in Latin America. He certainly, to my mind, did not live up to that reputation in this report.

GEORGE M. BENNSKY, JR.
Economic Counselor
Lima (1968-1972*)*

George M. Bennsky, Jr. was born in North Carolina on December 22, 1923. He spent two years at the University of Maryland and two years at George Washington University. After graduation, he obtained an M.A. from the University of Michigan in International Economics. He served in Beirut, Madras, and Lima. He served twice in the NEA and at the Economic Bureau at the State Department. He also served at the White House on the Committee on Environmental Quality. He retired in 1979. He was interviewed by Charles Stuart Kennedy on January 19, 1993.

BENNSKY: Then, out of the blue, a classmate at the War College, Sam Eaton, who had been assigned as AID Director in Lima, Peru told me that the Embassy had been without an Economic Counselor for some time and that Ambassador Jones was interested provided I got Spanish language training. After an interview with the Assistant Secretary for Latin America I got the job and started Spanish language training. However, Ambassador Jones decided he needed me soon and I did not finish the language training. It happened like that. The same as Personnel not looking at my experience and deciding where I could be most useful to the Service.

I arrived in Lima in August 1968 and two weeks or so later the military staged a "golpe" throwing out the newly elected government I was supposed to work with to establish expanded economic relations in the wake of negotiated settlement of the IPC dispute. The military had

taken care of the IPC case in its own blunt fashion.

Q: *This was a petroleum expropriation problem which had been going on for years and had been a real thorn.*

BENNSKY: This was going to be a new era in US-Peruvian relations. We were going to revitalize and expand our economic development program substantially. I was told that not only would I be the Economic and Commercial Counselor but also Assistant AID Mission Director for economic and financial matters. I liked the sound of all of this. But when the military took over and nationalized the IPC we were off and running in the opposite direction. The next thing you know Ambassador Jones is recalled. The DCM, Siracusa, for a while and then he goes off to be Ambassador in Bolivia. We get a new ambassador, Toby Belcher, and a new DCM, Ed Clark. By the way, these are two of the best professionals I ever worked under in my whole life.

Q: *There was the Hickenlooper Amendment which...*

BENNSKY: Yes, there was that as well as some fear, which I did not share, that our relations would get so bad that we would have to sharply reduce our presence or close down completely. Ellsworth Bunker was sent to Lima to see what could be done to stabilize the situation. That was when I wrote a paper paralleling what had happened in Egypt when the military took over to the one in Lima. I said that it wasn't going to do any good to play total hardball because all that would do is drive the military from one extreme to another. So throughout the entire time I was in Lima we were trying to find ways to work our way around our differences, to get some kind of resolution of the nationalization and related issues. It was tough dealing with the military down there.

One thing that happened that brought us back to finding a way to talk productively to each other, was the 1970 earthquake. It was northeast of Lima in the mountains. It was a tremendous earthquake. The whole upper side of a large mountain sheared off and came down burying a whole village and tens of thousand of people. It was in the tremendous relief effort, involving our Navy and Air Force and many American volunteers, that we started closely working again with them, ending up with a visit by Mrs. Nixon. Thus began the long process of repairing US-Peruvian relations.

The military did about everything they could to make the country the mess it is in today. The only productive foreign exchange producing agriculture was on the arid coast based on irrigation and large scale farming. Expropriation and division of this land to uneducated subsistence farmers destroyed this economic asset. Elsewhere in the country, up in the Altiplano, it was low level subsistence while on the slopes into the Amazon it was small scale coca plantings - the resource for the illegal cocaine trade. They bought labor support by raising wages and giving them more clout in management, which promoted inflation and priced them out of the market.

It was an interesting assignment, probably more so because of the controversy and difficulties. These are the Foreign Service assignments that test your mettle.

Q: *Were you able to have any kind of a dialogue?*

BENNSKY: Yes, in my Economic Counselor and Acting Deputy AID Mission Director capacities. I dealt with the government in many areas: at the central bank, in the foreign ministry on the economic side, in the finance ministry, the petroleum ministry, the transportation ministry, etc. In addition, of course, there were many useful private business contacts. I guess our biggest job was one of trying to stay up on what was happening, what was about to happen, and what we could do about it. Even when I left, after having been there for four years, they were still not very pleased with us and vice versa. In fact, they were so displeased with us that a number of Peruvians never showed up at any of my farewell parties. These were officials that I had dealt with a lot. It was just that they had decided at that time they had had it with us and wanted to show their displeasure.

Q: *Was it that we weren't doing anything or that they were doing things that meant we really couldn't give them the response they wanted?*

BENNSKY: The latter more than anything else. Finally, sometime after I left, we were able to reach an agreement on how to deal with the nationalizations, especially the IPC case. But it was a long way from the settlement we had pressed for in the beginning. It always is this way with nationalization settlements. Lima and Peru turned out to be on the whole an enjoyable and interesting place to be assigned. There were times when I could have left to take positions in the Department, but I liked working with Ambassador Belcher and Ed Clark so much that I did not want to leave.

That was my experience in Latin America which I never expected to have in the Foreign Service at all.

GEORGE A. MCFARLAND
Political Officer
Lima, Peru (1968-1973)

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.

MCFARLAND: I guess. I don't know. I have a copy of it still, about a 50-page paper, 50-60 pages. It was too long to be an article and too short to be a book. I think that was it's main problem, and by the time I finished it, of course, I was ready to move to a new post and thinking about that and didn't want to take the time to shorten it or lengthen it. Toby Belcher, my ambassador in Cyprus, was reassigned to Lima, Peru, and asked to have me transferred there to

his political section. And he tried, he wrote a letter to Cyrus Vance with a copy of this, urging that Cyrus Vance get it published in *Foreign Affairs*, but nothing further happened.

Anyway, I moved on to Lima, Peru. My marriage, by that time, had been growing worse and worse and worse. My wife was in tears almost all the time. My firstborn, my son, was delighted with the prospect of moving to Lima. I had thought that he would want to finish his high school in Bethesda, Bethesda-Chevy Chase high school, where he had just started. But no, he was delighted to go. He had learned Spanish in Costa Rica, where he'd gone as a child, and so off we went to Lima. It was then run by a military dictatorship which was very anti-American. They had started out their régime by confiscating, nationalizing, American oil companies, International Petroleum. This was in '68. It was actually registered in Canada but American-owned. And nationalization without compensation went down crosswise. This had become a big nationalist issue in Peru, and foreign exploitation of their sacred oil, as it was in so many countries. I arrived just about six weeks after the great Peruvian earthquake in 1970. I got there in July. I guess it happened the end of May. There was a kind of international competition to provide aid to the survivors. About 70,000 people were estimated to have been killed, most of them up in the mountains, a great many of them in one mudslide that simply covered an entire town. That first weekend, I took a shared taxi and went up close to visit the destruction. There, typically, relief efforts which were largely being carried out by the Catholic Church, with a great many foreign priests. The next weekend, I borrowed an embassy jeep in terrible condition and drove up this makeshift road to the disruption of the mountains, and found the international fair of relief efforts. The Russians were there with one effort; the Cubans had sent an entire field hospital and were busy infiltrating. A number of other countries. We had been the first to send in help. We had a navy carrier in the vicinity. They sent helicopters to get over the mountain ridges and into this valley. One of the helicopters crashed just below the ridge line. I think it got caught in a downdraft. I passed by the wreckage. And then the Soviets tried a long-range air support operation and dropped an AM-24 into the North Atlantic. They stopped their air bridge at that point. They had a small airport there with airplanes from all over. I reported on that, the political aspects of emergency assistance, competition.

Q: Was that a big political section?

MCFARLAND: No, I was the number two, and there was a junior officer and a labor officer.

Q: And Toby was ambassador.

MCFARLAND: Toby was the ambassador, and Ed Clark was the DCM.

Q: Oh, yes, I remember Ed.

MCFARLAND: He retired from there. He was another Princetonian. We had a happy embassy.

Q: That's good. But you were a bachelor when you arrived.

MCFARLAND: No. As I was saying, my marriage broke up finally in February of '72. My wife had gone off to visit her mother yet again, and I made the decision to be cruel and decide finally

that we had to seek a divorce. My two children had been staying in Lima and were quite happy there. The older of the two decided to stay in Lima with me and finish high school there. He was then in his senior year about to graduate, and the younger of the two, a daughter, stayed with her mother and had a very bad time, as it turned out. Divorce is, I guess, always wrenching and traumatic for all concerned. It was just an unfortunate situation. I had put it off for as long as I could. I wanted to let the children get as old as possible so they could handle it better, but still, it was difficult. At any rate, my son did finish at the Roosevelt High School, it was called, the American Field Service school in Lima, in July of '72 and went on to Yale. One of the happiest moments of my life was getting his acceptance letter from Yale and getting him out of school to read it to him over the phone. After he left, I was all on my own in Lima. I should say that my brother came down for a visit, and he and my son and I went off to the jungle on an expedition, away. I happen to like the jungle, and I traveled all over Peru. I took my son to see as much of it as possible, and he loved doing it. And of course his Spanish became excellent by studying with Peruvian friends, having all that exposure to life in Peru. But October the 7th of '72 my present wife, whose full name is Maria Rosario Sánchez Moreno, and now is de McFarland, but everyone calls her Rosario. She's 15 years younger than I. At that time she was 27 and I was 42. I met her at the birthday party of a Peruvian friend. It was her birthday also, and she dropped by with some girlfriends, and we met. And my life has been constantly happier since then.

Q: Good for you.

MCFARLAND: I had great resistance to marrying again. I wanted to make sure that this time I had an adequate person, particularly a strong person. She, I finally realized after a few months of going out with her, was exactly the person that I had in mind. I was crazily lucky to find her. She's the daughter of a good family there. Her father was a doctor for the Ministry of Public Health, had his own clinic. Her older brother was a doctor also. She had studied in a school run by American nuns. She spoke English and was a leader among people, a great gift for getting along with people, charming them and at the same time very down to earth, unassuming, great personal dignity and strength and courage, and just made a simply terrific wife and mother, a terrific diplomatic wife as well.

Q: Yes, I could see that, yes.

MCFARLAND: Accustomed to entertaining and accustomed to dealing with people from other cultures. She had none of the class attitude that characterized Peru, the curse of Lima, in fact, an inheritance from its days of being a viceroyalty with an extreme classism, which looks like racism but is in fact classism-racism, because the lower classes usually are darker, they just automatically confer higher class to a person who's lighter skinned. We were married after I was transferred to Turkey after my divorce came through. At any rate, nothing much happened in Peru in the time I was there except that I had to learn how to deal with a really closed political society and a semi-hostile government.

Q: It was a junta.

MCFARLAND: Yes, a military government which was at the same time a socialist government. They were appropriating socialist ideas apparently with the idea of uniting the populace behind them. This was a very big theme, the unity between the people and the armed forces.

Q: They were trying to look like populists, were they?

MCFARLAND: Well, they were populists.

Q: They were populists.

MCFARLAND: Military populists, if you will, and they held rallies in which they transported people in from the shanty towns on the edge of town, and they demonstrated. But they became the first Latin American government to become recipients of Soviet heavy military equipment, including tanks and artillery and aircraft. And they established relations with Cuba, one of the few Latin American countries to do so, and they had in short order a Soviet embassy, a Cuban embassy, I believe a Chinese embassy, and a North Vietnamese. And money, of course, was flowing from their intelligence services, into various groups around the country, but under the close eye of the Peruvian armed forces. At the time, I was astonished that there was no resistance to the rule of the armed forces. They carried out one nationalization after another. The nationalization of the petroleum company was followed by the expropriation of farms and ranches above 150 hectares, and sometimes those even smaller. This was agrarian reform. It was badly handled. It was at the time a focus of a great deal of admiration on the part of the American academic community. And the military learned to use terms that were in vogue among American academics, such as social mobilization. They even had an agency, which was social mobilization, and there were great hopes for the agrarian reform. It turned out a disaster. Probably, though, if they had contented themselves with the agrarian reform and had concentrated on that and making it work and making it just, on ending the corruption that was involved - because generals were arranging deals by which they would benefit in return for not taking quite so much of a person's holdings - if they had concentrated on that, they might have gone down in history as a government that did something to advance Peru. As it was, they were responsible for the "lost decade," in which Peruvian income dropped, Peru turned from an agriculturally exporting country to an importing country - in sugar. Grace had invested heavily in developing sugar production for a new industry. It never existed before Grace came in there on a large scale. They confiscated Grace's holdings. In return, Grace decided to end all its investments in Latin America, where it had been a pioneer, you know.

Q: Yes.

MCFARLAND: And henceforth we're going to invest in Europe. We know it's stable. By the time I left, the talks were well advanced to the impasse over our compensation for IPC, and that issue was settled shortly after I left. There were other issues: the 200-mile territorial sea limit. Peru was a leader in that movement, and saw an international settlement that negated their position. They had been seizing our fishing boats. We had a continual source of friction between us also. But it was only when I returned in the '80's that I found Peruvians were not passive after all. They can be violent, but at that time no one wanted to take on the military government. There was no sense of shared interest among the conservatives, among the landholders, among anyone

else that was affected. The military government practically ran its course. Velasco had a serious illness, was weakened, and was finally ousted in '75 by other generals. It seemed that his whole purpose in mounting this series of reforms and trying to bring the populace behind him was to have support for a new war with Chile. Chile in the War of the Pacific in 1879 had taken away a large part of southern Peru, and he wanted to be ready to mount a new war in 1979 to redeem the lost Peru and with full popular support. The other generals weren't having any, and I got fragmentary reports from people who were around that tend to confirm that objective of his. Anyhow, he was dumped, and another general, Morales Bermúdez, who had been his finance minister and saved him from a number of bad mistakes, took over as president and led the country through a very bad time and finally turned over power to an elected president in 1980.

Q: Was the Soviet military, was it substantial?

MCFARLAND: The Soviet military?

Q: The Soviet military aid?

MCFARLAND: It was substantial. It was a substantial price tag.

Q: What they paid for it.

MCFARLAND: It was aid only in the sense that it was on somewhat concessionary terms, but the Peruvians ran up a bill - I've forgotten whether it was two billion or three billion. It doesn't make much difference which because given their economy it was irrelevant. It was simply not an expense that Peru needed to burden itself with at the same time that they were sabotaging their own economy.

Q: We cut off military aid to them, I guess, at one stage - for good reason.

MCFARLAND: Yes, the one problem was that before I got there we had decreed that we would not sell any more sophisticated aircraft to South American countries if they did not did not need it. Peru took a violent reaction to this. This was, I think, one of the grievances that the Peruvian military had. They got their high-powered military equipment -

Q: And they paid for it.

MCFARLAND: - and it was absolutely useless.

Q: Yes, they never used it.

MCFARLAND: Some of it later was used against Ecuador, but that, again, was useless.

Q: Yes.

MCFARLAND: One result of the Peruvian military's adventure in government, was that the military was absolutely corrupted and was almost ruined as a military institution.

EDWARD W. CLARK
Deputy Chief of Mission
Lima (1969-1973*)*

Edward W. Clark was born in New York on October 9, 1917. He obtained an A.B. from Princeton University and then went to Cornell Law School. He was a diplomatic courier. He served in Panama as Consular officer and then as DCM. He also served in Asmara, Lima and Buenos Aires. He served in ARA, Personnel, and Congressional Relations in the State Department. He retired in 1973. He was interviewed Charles Stuart Kennedy on April 29, 1992.

Q: *And then?*

CLARK: Then I went to Peru.

Q: *You were in Peru for how long?*

CLARK: From 1969-73.

Q: *You went as DCM. Who was the Ambassador?*

CLARK: Taylor Belcher.

Q: *He was a career officer. What was the situation in Peru in this particular period?*

CLARK: Bad.

Q: *One could use the same word today.*

CLARK: Well, not as bad as it is today. A military government had taken over in 1968, just about a year before I got there. They had a program of radical reform that was very nationalistic. They wanted to have national companies rather than foreign companies. They put the pressure on all the foreign interests there -- Grace and Company, Marcona Mines, the tuna industry and a variety of other manufacturers. This was very anti-foreign, particularly American. It was not personally so. Individually, including in the armed forces, who were running the whole thing, they were not antagonistic. In fact personally it was a very pleasant four years. Nonetheless, from an official point of view it was rough.

Again, what influences did we have to counter this nationalistic reform that benefitted the people? Not much. We had an AID program and we kept it pretty much the way it was. We always hoped to be able to work something out that would be better. What happened is eventually it did work out that way. There was a global negotiated arrangement where the Peruvians took over and paid for all of the foreign assets there. Now the latter didn't get maybe

what they wanted, but they got 75 cents on the dollar and they all left reasonably satisfied.

Unfortunately for Peru they don't know how to run those companies and things haven't been good for them. It took five years of that. This happened after I left, but the effort was being made all along to get them to discuss how they could take over the foreign companies.

Q: *How was Ambassador Belcher in dealing with this situation?*

CLARK: Excellent. He was an extrovert who got along with everybody, but particularly the military. He was always an outgoing fellow. They liked him. He was good with the jokes and very sound. A wonderful person to work with.

WILLARD B. DEVLIN
Consular Officer
Lima (1970-1974)

Willard B. Devlin was born in Massachusetts on September 30, 1934. He obtained a B.A. from Tufts University and went to Fletcher School of Law and Diplomacy where he received his M.A. and completed his doctoral residence in International Relations. He served in Baghdad, Lima, Hong Kong, and Santo Domingo. He also served in the Visa Office in Washington, D.C. He retired in 1980. He was interviewed by Charles Stuart Kennedy on October 15, 1986.

Q: *How true. When you left the consular training, you then were to see some of the people you trained put it into practice, because you were sent to Lima. That was 1970, and you spent four years there. You were chief of the consular section. Who was the ambassador when you were there?*

DEVLIN: Toby Belcher.

Q: *How large was the consular section that you were in?*

DEVLIN: I'd say there was myself, there was a citizenship officer, two immigrant visa officers, a non-immigrant visa officer, at least one vocational junior officer. So there were about seven or eight officers.

Q: *How did the consular section fit into the embassy? Were you sort of a member of the team, or were you off to one side, in actual fact?*

DEVLIN: I was, I think, very much in as a member of the team. Physically, we were off to the side, literally off to the side, because the embassy building had an L-shape and we were off on the L side, which worked out very nicely because of all the physical arrangements and so on. That gave us our own separate external entrance, and there were no complaints whatsoever because of our physical location or our physical quarters.

When I first arrived there, I had an overlap with my predecessor of maybe about a month. My predecessor never attended the country team meetings. Shortly after he departed, I was invited to attend these meetings.

Q: *What would a country team meeting be?*

DEVLIN: This meeting consisted of the ambassador, the DCM, and each chief of section, the military attachés, and the head of the agency, and head of AID, head of USIS.

Q: *What sort of things would be discussed?*

DEVLIN: Obviously, mostly the current problems. Its primary purpose or initial purpose was for each of the individual elements of the embassy to be able to brief the ambassador as to what was going on in his or her own area of responsibility, and for the ambassador to seek the overall advice of the senior staff on whatever problems were coming up, as, for example, if there was a reporting requirement which was coming up, but which would cross sectional lines, then individual responsibilities would be discussed in those meetings.

Q: *Turning to the visa function, what were the types of people who came for visas in Peru?*

DEVLIN: Maybe about three months, after I got there, Peru imposed exchange control. Up to that time, Peruvians had been able to deal in dollars or any other foreign currency with no restriction. They would have foreign bank accounts and so on. This was, as of one day, canceled.

Up to that time, the non-immigrant visa load in the embassy in Lima was moderate. There would be maybe 50 to 75 to 100 applicants. From that time forward, the number of daily non-immigrant applicants rose to at least 300 a day. This encompassed people of every social strata, many of them initially to go out and sort out their financial affairs, many of them to get out because they felt that this currency legislation was but a first step in other economic steps that would completely ruin them, so they wanted out.

The currency measures were taken obviously because the economy was having problems, and when an economy has a problem, unemployment is one of the obvious manifestations. So you had the middle and the upper class applying for non-immigrant visas, essentially as part of an escape of capital, and you had an increasing number of lower class that included the lowest economic class in the population, applying for non-immigrant visas purely to escape. The usual movement to get into a better economic situation.

Q: *You had, in some cases, almost a tenfold increase in visa applicants. Were you given any extra assistance, or did you have to deal with it as you could?*

DEVLIN: We coped.

Q: *Were there any pressures either from the ambassador or the Department of State or Congress on you to be lenient, to be tougher on this? Or did you have any instructions?*

DEVLIN: In those terms, no, we had no instructions. As far as the Department was concerned, our problem related entirely to a matter of volume. The Department's major control or guidance, if you will, at that time related not to whether a visa should or should not be issued. The Department, particularly the visa side, was faced with a tremendous increase of visa applications on a worldwide basis, therefore they were trying to get each individual visa issuing office on a more efficient basis. So they started at this time to introduce the statistical annual reports, to enable each visa officer, each section to come up with a man-hour figure for each immigrant and non-immigrant visa issued.

Q: *Then you had the statistical base, but this would just create extra work for you, wouldn't it, without any return as far as more assistance?*

DEVLIN: There were no more bodies available, but it did force one to look throughout the shop to find the most expeditious means to handle the workload.

Q: *How would you describe the officers dealing with the visas that you had, both immigrant and non-immigrant? Were they well trained? Were they prejudiced? Were they completely swamped or in command of the situation?*

DEVLIN: All of the above and none of the above; depends entirely on the individual. I had one officer there who was congenitally, apparently, incapable of reaching any decision on any visa. Therefore, each time an applicant came and the application wasn't completely satisfactory to the officer, the officer would ask for my opinion -- and more paper and more paper and more paper, instead of reaching a decision. Others were more able to cope with the decision making process.

At the same time that we had this great increase in the visa workload we were also running into major protection problems because we had a steady increase in the number of Americans being arrested, primarily for drugs, and we had an airline crash that killed 49 American high school students. So at this time that I divided the authority within the consular section to create a visa operating section, put that under the charge of the next ranking officer, and just told him to make whatever changes he could, in addition to whatever changes I could make in the procedures, to get the process done as quickly and as efficiently as possible. But the statistics were, for myself and probably just about for all the other section chiefs, a requirement to examine ones shop and find out why they were taking X number of hours to produce an immigrant visa, while such and such other place was taking X minus hours. There was something very competitive in basing this whole system on these numbers.

Q: *This is the first time it has ever been done?*

DEVLIN: To the best of my knowledge.

Q: *What about within Peruvian social circles that the embassy was dealing with? Was there a lot of pressure on you as the head of the consular section and your officers to issue visas, from social acquaintances and also government officials? Was this a difficult time?*

DEVLIN: Yes. This bore a direct relationship to the number of people who were applying for non-immigrant visas. As that rose, so also did the pressures rise. The workload was such that on the non-immigrant side, we would normally turn off the line, the non-immigrant visa line, at, say, 2:00 o'clock.

Q: *These were people waiting to be initially serviced for visas.*

DEVLIN: Right. We would turn that line off at, say, 2:00 or 2:30, whenever the non-immigrant visa officer judged to be an appropriate time on a day-to-day basis. There wasn't an automatic time. And the office closed, as I recall, at 5:00 o'clock. From the time we turned it off, those people who were beyond the cut off point in line and others who joined the line would then go outside of the courtyard and wait in line for tomorrow.

Q: *Where were the Peruvians going that went to the United States, either as immigrants or non-immigrants?*

DEVLIN: It was hard to tell which was which.

Q: *But the ones that were going really to settle permanently?*

DEVLIN: Newark, New Jersey, seemed to be the home of virtually every Peruvian of the world.

Q: *So you had lawyers writing to you. What about congressmen from New Jersey, Rodino, for example?*

DEVLIN: Rodino came down to visit us.

Q: *This is Peter Rodino, Chairman of the House Judiciary Committee. I don't know if he was at that time.*

DEVLIN: He came down as part of a swing-through Latin America, and he looked at the visa situation and the whole consular situation. There was obviously nothing terribly new that he saw there that he hadn't seen before and was quite familiar with. I do not recall ever receiving a letter from Rodino, though we had a fair amount of congressional correspondence. Most of the congressional correspondence was of a routine nature, that is to say, if you gave the congressman or senator a decent answer, that satisfied him, as opposed to the congressman or senator insisting that his particular visa applicant be treated specially.

We also had attorneys. Again, with the increase in applicants and the waiting list, there was always attorneys. This was the time when the Latin American immigrant applicants could not change status while in the United States. So that in approximately 80% of our immigrant applications, the paperwork was filed from the United States.

Q: *They had gone as non-immigrants to the United States.*

DEVLIN: Non-immigrants to the United States.

Q: *Settled in.*

DEVLIN: Settled in, and at some subsequent time, sometimes five, ten years, two years, whatever the time frame was, they initiated their immigrant application. All the paperwork up to the time of the interview was done by mail, and they obviously sought to ensure that when they came down, that they had everything and there would be no hitches, because if they came down and were refused a visa, as, of course, a fair number were, they were stuck.

Q: *Couldn't get back to the United States.*

DEVLIN: Couldn't get back to the United States.

Q: *To their families or jobs or whatever they had.*

DEVLIN: Yes.

Q: *What about fraud, other than people coming in and saying they wanted to go visit when they didn't, when they planned to stay? But fraud as far as forged documents or this type of thing. Was there much of a problem there?*

DEVLIN: The major element of fraud in that sense related to the evidence of support and job offers and that sort of thing. I cannot recall that we found any particular ring or conspiracy or function to do this, but there were, certainly throughout the period, instances where we just out of hand rejected documentation which we believed to be fraudulent. But only very rarely would we try to invoke 19, 212 A 19, the fraud section of the law.

Q: *That's 212 A 19 of the Immigration Act.*

AARON BENJAMIN
Housing and Human Development Officer, USAID
Lima (1972-1974)

Aaron Benjamin was born on March 21, 1932 in New York City. He obtained a B.A. in Urban Planning from the Brooklyn College and an M.A. in Urban Planning from New York University. He served in Bolivia, Ecuador, Peru, Nicaragua, the Dominican Republic, and Egypt. He also served in AID at the Latin American Bureau and the Housing Office in Washington, D.C. He retired from AID in 1989. He was interviewed by Charles Christian on May 15, 1996.

Q: Then where did you proceed on your next assignment?

BENJAMIN: From Quito, I was assigned to Peru in the summer of 1972 to work on the reconstruction program for a major earthquake that hit at the end of 1971.

Q: You had a home leave, I guess after Ecuador?

BENJAMIN: Yes. I took home leave in July of 1972 and then proceeded on to Peru. The earthquake took place in the north, in a valley called the Callejon de Huylas, located about 150 miles up the coast from Lima and about 50 miles to the east of Trujillo. To illustrate the force of this earthquake, it literally sheared off the peak of Mount Huascaran, causing an avalanche which slid down the side of the mountain into the nearby town of Yungay completely covering the town. In pictures, you can see the tops of palm trees which were about 30 feet high. All that remained visible was the top 5 feet of these palm trees. The town was completely buried in ashes and rock.

Steve Tripp, who headed the AID Disaster Assistance Office, recently completed a memoir, which describes the disaster in detail. I provided some pictures for the document. Other towns that were affected were Trujillo, with a population of 100,000 on the coast, and Chimbote, a town of about 60,000, also on the coast.

Most of my work in the time that I spent in Peru had to do with housing reconstruction in the two cities on the coast and the rural areas up in the mountains. We secured a $15 million loan and a 28 million HG to meet the housing needs of the 1970 earthquake.

In the rural areas, both on the coast and in the mountains, we had the opportunity to do something distinct from the traditional guarantee and loan funded housing programs. We worked with the Engineering University in Lima to come up with what we called the Stabilized Adobe program. Adobe was the traditional building material .Together, we devised a system wherein the traditional adobe was mixed with asphalt or road oil, which made the adobe mix waterproof. Then we helped the campesinos (rural farmers) develop a Formica lined wooden form for casting the adobe blocks. The adobe block came out with a surface that was as smooth as glass. This was helpful because when adobe blocks have nicks and chips, they tend to erode very quickly, particularly when they get wet. Also, to help the self help builders avoid the traumatic effects of earthquakes, we taught them to reinforce the adobe block walls. Using an empty tin can, they cut a round hole in each block before stacking them, and then put a cane pole, two inches in diameter, through the hole in the stacked blocks. In this way the cane pole served as a reinforcing rod. The Bureau of Standards tested this system on a. vibrating table and the results showed that this reinforcement which costs virtually nothing, was about 19 times more earthquake resistant than unreinforced adobe. That was an interesting innovation.

Q: It certainly was.

BENJAMIN: Another thing was that, traditionally, rural people would use home made Spanish tiles for roofing. They were very heavy and caused a lot of damage during an earthquake. We were interested in designing a lightweight roofing system as a substitute for the heavy tiles. So, we devised a method whereby we took bamboo poles, about 2 inches in diameter, laid them out and wired them up in 3 feet square panels, built a basic flat roof structure, laid out the bamboo mats, then covered the mats with 1/4 inch of this stabilized adobe mix. In this way, the roof became waterproof and so light that if it was shaken and ripped off it would cause virtually no

damage. I received a great deal of satisfaction in meeting these challenges with alternative construction techniques and materials. The major lesson learned through these activities was that the answer to economical, effective building solutions in developing countries is to use traditional methods and materials, but improve upon them.

Q: Did you have a staff?

BENJAMIN: I had one assistant, a Peruvian civil engineer and a secretary, but I worked closely with the staff of the Housing Bank, the local Savings and Loan Associations and the Department of Engineering of the University of Lima.

Q: Highly qualified?

BENJAMIN: Absolutely. My assistant had a Master's Degree in Civil Engineering and many years of experience. Actually, most of the technicians from the local institutions had Bachelor's and Master's Degrees in architecture and engineering.

Q: Now, you were in Lima, the capital?

BENJAMIN: Yes, my office and home were in Lima. but my projects for the most part were in the north.

Q: This raises the question, did you receive or did you already have Spanish capability? Did you receive Spanish training?

BENJAMIN: I had studied Spanish in high school and college, However, when I went to Bolivia, I was not at all proficient, though, after a couple of years in Bolivia, taking advantage of the Mission's language program and through daily contact with native Spanish speakers, I learned to speak, read and write Spanish fairly well.

Q: Did you receive training at the mission?

BENJAMIN: I took Spanish language training at all of my Latin American posts until I reached a level of 3+.

Q: I would think that working closely with your counterparts that you would almost need Spanish capabilities.

BENJAMIN: It was absolutely necessary to work effectively.

Q: Do you feel AID could have done better in that regard, in preparing you before your first mission?

BENJAMIN: No, not really. I believe that to learn a language effectively, you must be immersed in it, preferably in a Spanish speaking country, as in my own case. You really have to be in contact on a daily basis with people who don't know English.

Q: So you were studying Spanish as you went along on your first assignment?

BENJAMIN: Yes, absolutely.

Returning to the program, in Peru, AID developed a very strong housing guarantee program in Lima and I was involved in that, but it was the reconstruction programs in the northern cities that took up most of my time.

Q: Now who was your backstop in Washington on the housing guarantee program?

BENJAMIN: We had a Washington based housing office in those days which was headed by Stanley Baruch. Harold Robinson was deputy director for loan and grant funded projects and Peter Kimm was deputy for Housing Guaranty Projects. Juan Cabrero, an engineer in that office, was specifically backstopping the Peruvian Housing Guaranty projects and I was backstopped by Harold Robinson on everything else

Q: ...the man that first recruited you.

BENJAMIN: Yes,

Q: I remember those names.

BENJAMIN: Peter Kimm eventually became Director of the Housing Office, which was expanded in the early 1970s to become the world wide RHUDO system, eventually absorbing urban planning and many of the functions of Bill Miner's office over in Central AID. It has since been further enlarged to include environmental and municipal development programs.

Q: You generally worked through the Bureau, I guess at least the mission did.

BENJAMIN: Yes, except with regard to the housing guarantee programs

Q: In these first three missions that you have mentioned, did you consider all of the project activity successful or were there areas of weakness that could have been improved if they had additional agreement support or any ingredients added? You may want to think about that and feed that in.

BENJAMIN: My general feeling was that I couldn't have gotten better support from the mission as well as from Washington, although a lot had to do with one's own initiative. In Bolivia for example, I managed a small housing project that was financed by the Cooley Loan Program. Do you remember that? That program came out of grain sales, and was probably a forerunner of PL 480.

Q: Right.

BENJAMIN: This program was promoted initially by a grain producer in the mid-west. I believe

that his name was Garvey. The proceeds from the grain sales were used to finance development programs, and under the Cooley Loan Program in Bolivia, we were able to do a housing project. Housing wasn't the most popular program in the AID portfolio, so we always had to develop creative sources of funding.

Q: That worked well for your local currency support.

BENJAMIN: It worked very well thanks to good contacts in the private sector and some imagination. What helped especially was a piece of legislation in the early 70s that permitted US Savings and Loan Associations to invest up to l% of their reserves in the Housing Guaranty Program overseas. The Housing Guaranty Program generally opened doors to banks and a large variety of financing organizations in the United States. I used to spend a lot of time when I was on home leave, promoting investment by these organizations in housing programs.

A particularly good contact was Harold Tweedy, who was the head of the First Federal Savings and Loan Association of Pittsburgh. He had enough faith in the program to invest 3.5 million dollars in the Bolivian Housing Guaranty Program and later agreed to invest six million dollars in Ecuador program through a consortium consisting of 19 Savings and Loan Associations in the US

Q: What I hear from you is that the private sector in the US and in these developing countries were very effective and played a significant role in your programs.

BENJAMIN: Yes. Both in Bolivia and Ecuador the Savings and Loan System, for all intents and purposes, was private and though the Government did not provide it with any direct financing, the Enabling Legislation that authorized its creation provided a government guaranty for its investments. This made it possible for both systems to develop an international contractual relationship with A.I.D. through their respective governments.

WADE MATTHEWS
Political-Labor Officer
Lima (1973-1974)

Wade Matthews was born in North in North Carolina in 1933 and was educated at the University of North Carolina at Chapel Hill. He entered the Foreign Service in 1957. His career included posts in Munich, Salvador, Lorenzo Marques (Maputo), Lima, Georgetown, Guayaquil and Santiago. He was interviewed by Charles Stuart Kennedy in 1991.

MATTHEWS: From there I then went back and had this finally, I was offered several posts but because I was still an FSO-4. I had not been promoted. I thought my career was going absolutely nowhere. So, I was only offered 04 type positions. The best one that I could find was one of two labor positions, political-labor officer positions because after all I had one. I tried to get a political counselor position in Latin America. I wanted a Spanish speaking post, absolutely, that

was my sine qua non. I was offered political officer job at Caracas and at Lima, Peru.

I elected Lima, Peru because Rob McCormick was Ambassador to Caracas and Rob was, had a habit of taking an instant like or dislike to a person. He had a favorable impression of me at that time. But if he did take an instant dislike to you or if you did something, you were on his black list from then on. I frankly just did not want to serve in that sort of grinder, and so even though the job was more interesting at Caracas, I took the one at Lima, Peru. I went by way of six weeks conversion course to Spanish and then I went to Lima.

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

MATTHEWS: A year and a half, the shortest tour I ever had because I requested transfer. Not because I didn't like the job but the job was, I thought, had to be more interesting. I arrived there in January of '73 and left in June of '74.

Q: Let's talk about Peru. As usual, I'd like to talk a bit about the Embassy and the Ambassador and how that worked. Then we will talk about the situation.

MATTHEWS: Well, Lima was the first relatively large Embassy I had ever served in. My first post back in Munich, Germany back in those days was a fairly large post, but smaller than Lima. There in Lima, I was strictly labor.

My title on the Foreign Service officers list was Political-labor, where in Trinidad it had been at least half, I would say more than half, political as the sole State political officer. Although there was another agency political officer there who incidentally nobody ever picked as the agency person. He played golf with the colonialists, that sort of thing. One amusing incident, let me just go back to Trinidad because this is sort of amusing. There was a radical leftist newspaper called *The Bomb* which was published by a radical leftist Trinidadian politician of no particular importance. They had a front page exposé after I had been there about six months and it said CIA chief in the Caribbean identified. They had a quarter of the front page taken up with the bald shining head of George Thompson, our public affairs officer whose views if anything are a little left of center and still are. He was a newspaper correspondent, but the reason they picked him as the CIA chief in the Caribbean were absolutely impeccable. Just like he was the closest thing you could find to James Bond in the Caribbean, with one exception. He was devoted to his wife. He had a wife that looked older than he as a matter of fact, and one son. Really a good family man. But, he had sailed his own yacht to Trinidad-Tobago. That is the way he arrived. He traded his yacht while he was there for an airplane and he flew all around the place. He was an accomplished pilot. He was a former newspaper man and hung around the newspaper offices. He was not reticent about what he said, so he would go to the Tribune, I think it was the Tribune, the more leftist of the two papers, not radical leftist by any means. He'd say, "Christ sake look at this here. You got the layout all wrong. Do it that way," etc.

He was an Arabist who had been to the Middle East. One of the big issues of the time was Trinidad and Tobago joined OPEC. It was clear at the time that the United States preferred that Trinidad and Tobago not join OPEC. He was a ham radio operator. He was always on the ham radio. He drove the fastest most souped up car on the island charging around the highways. As I

said, he shaved his head, bald head. All these things were James Bond of course, so this guy, the idiot at the paper had that and these were the screaming headlines, "CIA chief in the Caribbean identified."

George left on reassignment about nine or ten months after that. We couldn't decide who would replace George. Of course the CIA chiefs sat back and chortled about this. George went up to him and said, "You put him up to this." "Absolutely not you are obviously the chief!" He was still there, but nobody was going to finger him. Well, they looked around who is going to replace George. Well, I didn't have a yacht and I didn't do this that or the other, but I did have all these good contacts with the labor unions and the AIFLD man clearly they thought took orders from me. Well, he did to an extent but not entirely. His prime bosses were at the AFL-CIO. He was not CIA either, had no contacts. I got a much more hesitant article. Only a quarter of a page on the front page saying new CIA chief in the Caribbean is Wade Matthews and so on. So I went up and hailed the real CIA man and said, "You know, I believe you are putting him up to this."

Okay, back to Peru. My job was purely labor there. Oh, not purely labor. I did some political work. I talked with some journalists, this, that and the other, but it was 75% labor there. I was supposed to follow the labor unions. There we had political interests in where Peru went. In Peru at the time there was a Nasserist regime. Juan Velasco Alvarado was the military dictator of Peru. He fancied himself sort of as the Latin American equivalent of Nasser. Well, Nasserism is now discredited, but at the time it wasn't completely discredited. I guess that was probably the most leftist of the continental South American regimes. I'm trying to think, well while I was there of course, Allende down in Chile took over, and he was more leftist I suppose. Velasco Alvarado was considered equally leftist, so the labor union was a field of political competition. There was the CTP which was affiliated with AIFLD, the AFL-CIO affiliated international movement. There was the CGTP which was communist supported by the Soviet Union, affiliated with the world federation of trade unions. There was the favored organ of this military Nasserist government, the CTRP. My job was to report on how things were doing in labor which was considered important to the political scene there, and to aid in effect the CTP and to try to find out what was going on with and maybe even try to wean the CTRP over to a more pro U.S. or pro democratic position. And I had contacts with all three, but overwhelmingly with the CTP.

Now the Aprista party which was the populist traditional party of Peru had strong and close ties with the CTP, so as a result, I had some pretty good ties with the Aprista party as well. That was maybe my political, well broadly speaking, a fair amount of it was political. I attended all the CTP conventions; I attended the CTRP convention. I met a couple of times with CTGP people. The AFL-CIO was not happy with that at all. Nor was the Department entirely happy, but nobody stopped me, at least these preliminary sounding out meetings. Truly a getting to know you sort of thing, nothing more with CTGP. We had an AID program for support of certain CTP functions. I think it was a housing program they had. We had training programs for certain of the CTP people. I invited one of the CTRP people; I can't remember whether he ever went. Well, that was what I did. Now to who was there, Toby Belcher was the ambassador, a career ambassador, very qualified most of the time I was there. I think Dick Clark was the DCM when I arrived and Dick Barnaby, Malcolm Barnaby was the DCM toward the time I left. Ray Gonzales was the head of the political section. He was my boss, my performance report was reviewed by the DCM. Ray must have liked what I did, in fact, he did like what I did. He invited me in the

labor stage of my career when he was ambassador to Ecuador if I would like to go down and serve as Consul General at Guayaquil. It is a labor story.

Q: Well now did you as you were dealing with this sort of interesting mix of trade union organizations and as a labor officer how much did you feel the AFL-CIO was calling the changes within the Department of State from your perspective?

MATTHEWS: Certainly AFL-CIO had a strong if not predominant influence on U.S. labor policy toward Latin America. The sort of thing I mentioned, the degree of my contacts with CTRP and the pro government if you will down there the labor element and the CGPT which they had an absolute boycott. Their rationale was these are not legitimate trade unionists. These are communists, political operators and the interest of the working man is put down. They had a strong influence. I went by for a consultation with the AFL-CIO and with the AIFLD which was run by a fellow named Bill Daugherty, good strong trade union contacts. The people that I met at the point when I came back to Washington for consultation would visit Peru. I would meet with them and share with them things. I had no conflict with what they said except I did want to broaden my contacts a little, and I was able to do that to the extent I felt necessary without their strong approval. They would have clearly supported me for another more important labor office position had I been inclined to continue that route.

Q: I imagine we were looking very closely and taking the temperature all the time of this Nasserite dictatorship particularly because of the influence of the Soviet Union in this. Did you see much of the Soviets influential there or was this sort of a home grown thing?

MATTHEWS: No, they were quite influential because there was a large and active communist party element in Peru, and some elements of the government, particularly the Fisheries Minister at the time, and a Minister of National Development felt some sort of socialism, not necessarily dominated by Moscow but assisted by Moscow, was the way that Peru should go. It clearly would not be the predominant view of the government which Peru should be technically equidistant between the Soviet Union and the United States. But since this was the United States' backyard, Peru voted overwhelmingly at the time with the Soviet Union at the United Nations. Peru considered themselves a mainline element of the third world bloc, if you will. They saw this depending on who it was, some saw it as a method of staying in power. Their principle opponents were the Aprista party, the populist party and the business elements who had other parties they supported, not the radical left. They thought they could keep the radical left under control, and they did clamp down on the real radical left which later developed into the Sendero Luminosa.

They would occasionally clamp down on the communists, but not much. They had sort of a modus vivendi with the communists, and they allowed them to as long as they didn't get too powerful, develop pretty much as they wanted to. The Soviet Union had a large and active embassy who we had some contacts with incidentally. We would depend on a diplomats club, sort of right below the Chief of Mission level, and we would have lunches. I would usually try to sit beside some of the Soviets, and we would have interesting conversations sometimes.

Q: The focal point of Latin American policy was events in Chile at that time.

MATTHEWS: Yes, I would say probably so. It was certainly of more interest in Washington than what was happening in Peru. We were not far behind because, don't forget, this Nasserist tendency in the military in Latin America, leftist military regimes, there was a lot of support around the continent for that sort of thing among the military elements of the countries.

Q: Were you involved at all in nationalization? Was that a major problem while you were there, the nationalization of American property?

MATTHEWS: Yes it was. There were a number of moves made toward southern Peru, Southern Peru Copper. I think they did nationalize one of Southern Peru Copper's operations while I was there. In the scheme of things, this is what was going to happen if the regime had continued. One of the ways they had of encouraging nationalization was through pressure from the labor unions. The labor unions in southern Peru were CGTP or CTRP dominated. Therefore the regime, and also the CGTP for their own reasons not for supporting the regime, both had a policy of encouraging nationalization, confiscation I should say. They encouraged confiscation. The CGTP wanted workers control and worker councils running it and that sort of thing. The CTRP was quite satisfied since after all, they were on the government dole, to let a government minister run it or a government appointee run it.

One thing I should mention before we get too deep in, I finally was promoted to FSO-3 a few months after I arrived at Peru. I felt, as I knew I would feel, that I really could do a little better from a career development standpoint in a DCM job. So, I started sort of angling, after a reasonable period. The Department said, "Absolutely no way are we going to pull you out even if somebody requests you in less than a year. Don't even think about it until a year after you arrive." The year I arrived was January which is not the real DCM transfer season, so we were really talking after a year and a half. I did request consideration without angling with individual Ambassadors. I requested consideration for a DCM job. I did eventually get one, but that is skipping ahead.

Q: On this confiscation thing, what line were you talking to the union people you could talk to about what would be the results of a takeover by the Peruvian government of the market?

MATTHEWS: Southern Peru Copper is a lot easier target to negotiate with, and they don't have the power to oppose you that the government would have. With an authoritarian government running the mines, the authoritarian government's interests would be to keep labor under control. Labor's interests are not going to be served by a government takeover. That would be the line I would take. Now we are talking about a valid line to take.

Q: Strictly during the time you were there, how did events in Chile play? There were accusations that when Allende came in, very strong accusations that he was overthrown by the CIA, at least the CIA was influential. In the first place did you have any feel about activity, this was the high Nixon period who didn't look happily on any leftist regime anywhere and particularly in Latin America. Did you have any feel that we were messing around in Peru at the time?

MATTHEWS: No, we weren't really messing. I had no feel at least for our being messing around

to overthrow the government. We obviously wanted to know as much about what was happening and what they were doing, who was supporting stronger Russian influence, who was supporting a return to democracy if you will, that sort of thing. As I said, I had good ties with the Aprista party while I was there. I passed no money under the table to anyone. We had an open and above board trade union program which the government tolerated. They didn't like it at all, through AIFLD. Most of what we got from Chile were newspaper reports, intelligence reports that we would read, and people passing through. Chilean labor people, Peruvian and Chilean labor people who would go down to Chile, I mean from my personal perspective, and I had contacts with them of course. The AIFLD officer would go down for some things. I believe he may have also run an AIFLD program in Chile, I don't know. That's my recollection; he certainly had something to do with it. He would bring back reports of how things were, and it was reports of a steadily deteriorating situation from a living standpoint, from a standpoint of public order and this that and the other. We got the impression that things were not going to go on too much longer that way. There was going to be one of two things. There would be a leftist takeover perhaps supported by Allende, probably supported by Allende, or there would be a revolution against him or a civil war in Chile. Very few Peruvians we talked to were emulating Chile; they were watching Chile cautiously. The military was also watching Chile cautiously. If there were a revolution or a leftist victory, it would not be supported by the Chilean military, and while they were not great friends with the Chilean military, they nonetheless were military colleagues. The Velasco regime looked askance at what was going on.

Q: Well, if I recall, Allende was bypassing the military and creating his own personal militia which I suppose would be anathema to the leaders in Peru.

MATTHEWS: Yes, they didn't like that at all, even the radical leftists. But they felt - it is hard to say - there were all sorts of currents of opinion, but so far as we could tell, the military felt that the way they were going would guarantee against this sort of thing happening to them, what might happen to the Chilean military.

Q: Were you able to talk to people in the government, the military government?
MATTHEWS: I didn't personally talk to anybody. I never met Velasco for example. I talked to the minister of labor on several occasions who was a military officer of course. I think maybe one or two others of them but they were not really substantive conversations. I met with the Minister of Labor on several occasions because after all we had these AID programs that dealt with some of the trade unions. I don't recall actually calling on any of the ministers. Don't forget, I was down in the hierarchy there at that embassy. I traveled around Peru some. There was one long trip Fred Romden and I took down to southern Peru right at the time of the Chilean military takeover. I guess this was '73, wasn't it? My memory is hazy on the date. Anyway we were in Atakeepna and we went down to Taqua. We were just going to go over the border into Chile and see Akiki, I think. Anyway, Taqua, Akiki that area, just to see what Chile was. I had never set foot in Chile, neither had Fred. As in all these trips, we called on the local newspaper editor, and the local newspaper editor of this southernmost city of Peru happened to be a very strong Allende sympathizer and felt the Castro Cuban with a more democratic face way was the way to go. Allende was the natural pathfinder for the way development should also go in Peru. He was not a great fan of the military government but he was clearly a radical socialist. So, we called on him just to exchange views and find out how things were going in southern Peru. He was terribly

concerned. He said there seems to be a military coup against Allende. He was listening to his radio and would frequently be interrupted by somebody bringing in some sort of bulletin. After all, he had Telex, that sort of thing. We told him our Ariex was all hell, this was going to, Oh, and he also told us they closed the border and no one was going to get across the border. We said oh hell there goes our weekend. We were going to spend it down in northern Chile. We were also quite interested in what was happening of course. We were uncertain, so we went up to Puma. By the time we got back to Lima it was pretty certain that at least provisionally decided although it was uncertain how things were going to develop. But we did that on our trip. We saw local political leaders, local former political leaders be they Apristers, almost anything. We did not call on local members of the communist party on our trips. It was just felt that would not be prudent and there were other ways of knowing what they think. We did call on people if they had a position like this newspaper editor who I would call a radical socialist at the time.

Q: Do you get any felling before you left about the Peruvian government looking differently toward the United States after the Chilean overthrow of Allende? Did they think of us with more hostility or maybe more caution because of the feeling we could reach out and do things. Did you notice any of that?

MATTHEWS: I don't think they really believed, I mean after all they had contacts with the Chilean military too. I don't believe they believed we had a predominant role or even all that important a role to play in the events in Chile. I think they were aware the impetus for what happened in Chile was domestic. The United States at most approved what happened, and there were elements in the United States who deplored what happened, but the U.S. government was certainly not all that happy about what happened but we were not a prime instigator of it or even a major instigator of it. It was domestic. I later served in Chile and learned a lot more about what happened in Chile at the time.

Q: Before we leave Peru, later I recall the indigenous population of Peru became quite important. Did we have much contact or feel for how the Indian population was being treated or dealt with?

MATTHEWS: The Indian population aside from the fact that they had damn well better not get involved in any ethnic activity, politically related ethnic activity, was probably treated better by the military government than they had been by the prior government. The military government encouraged cooperatives for example, provided they took their guidance from the military and supported the military. They encouraged them strongly. They supported them financially; they tried to get them going supporting the doctrines of the military revolution as they liked to call it in Peru. You have got to remember the Sendero Luminosa despite all the acclaim, was not an Indian movement. They were led by the same predominantly well, mixed Indian white ethnic origin people most of whom did not speak any either Cachura or Aimara, the two Indian languages and more from the coast, Cachura being more important, Aimara being important only in the Puno area. They tried by dint of real terrorist activity, wiping out Indian villages to get Indian support or at least Indian acquiescence or non cooperation with the government on the part of the Indians. The Sendero Luminosa had not yet started while I was there, but this university at Aiucucco and one university outside of Lima were really hotbeds of radical leftist ideology. I visited the campuses of both universities. I visited, I can't think of the name of the

town now, where Sendero Luminosa first became prominent if you will. The university professors there were highly radicalized, and the students there were highly radicalized. You saw all sorts of radical leftist slogans. The ruling class must be eliminated. Little quotations from Mao. Mao's little red book was sold in Peru. There is no restriction against it. Quotations were here and there on placards. All the outsides of the buildings were filled with graffiti everywhere you could get a spray paint or a brush, radical leftist things. All this sort of thing. Kill all of the oligarchy, the Yankees, imperialism must be stamped out, Indians of Peru unite, all that sort of thing around there. The student population were not Indian either primarily. Everybody, of curse, 80-90% of the population of Peru has a large Indian racial element, genetic element. Most of those people particularly on the coast as I say, don't speak the Indian languages. There are cruyoyos there, culturally at least.

Q: Let me get a feel. My experience with students is Korea. Every spring the Koreans get out and they demonstrate they take the line that they have to unite Korea. The police put them down, tear gas and all, and then as they graduate they go out and become good, solid members of the establishment. It is almost like an initiation rite. What was your impression particularly in Peru or maybe elsewhere of this very radical university thing? I mean what did it do to the people once they were out of the university?

MATTHEWS: Well, out of the university, most of them continued to be radicalized. They were active members of communist party cells. Some in the military, not that radicalized, but there was a radical element in the military. Many of those lived in the suburban areas. After all having a university degree didn't mean you had a ticket to anything in particular. Some of them with university degrees lawyers and so on continued to be radicalized and continued to support the communist party or even more radical elements in the community. Many who stayed on in the university system as professors particularly in the social sciences or economics tended to be at least as radical as they ever were. They continued, after all, Sendero Luminosa was founded by university professors, and they continued to be quite radical. The communist party became quite too tame. In fact the communist party was concerned about this radical development. There was the Maoist international communist philosophy and the Soviet international communist philosophy. Most of these guys were on the Maoist side. Some became businessmen and became much more conservative. I would say it was not nearly as universal as it was in Korea although I am not an expert on Korea.

FERNANDO E. RONDON
Principal Officer
Lima (1973-1975)

Ambassador Fernando E. Rondon was born in California in 1936. He received his bachelor's degree from University of California (Berkeley) in 1960. His career has included positions in Tehran, Tangier, Lima, Algiers, Tegucigalpa, and ambassadorships in Antananarivo and Quito. Ambassador Rondon was interviewed by Charles Stuart Kennedy on June 4, 1997.

Q: *In 1973, you were assigned to Peru. How did that come about?*

RONDON: My wife and I attended President Nixon's Inaugural Ball in January 1973; all NSC staffers were invited and we went together. It was an optimistic period. There was confidence that the Vietnam agony would be ended soon. There was considerable *esprit de corps* among the NSC staffers at the time. But as 1973 wore on and my tour at the NSC was coming to an end, the Watergate scandal began to intrude seriously.

Before leaving the NSC, I had been asked whether I would be interested in an appointed position in the second Nixon administration. I was told that if I accepted such an appointment, I would have to resign from the Foreign Service. I was not ready to leave the Foreign Service; I liked my career.

I was upset by what was going on around me. I had met some of the people who were allegedly involved in the Watergate affair. I was surprised by the continual revelations. The White House--not the President, but his men: Haldeman, Ehrlichman, etc-- distrusted the NSC. For example, the NSC staff was not allowed to eat in the White House mess, except as guests of someone who had the privilege. The NSC staff was not a "political" staff; we were professionals of both Republican and Democratic persuasions. The Foreign Service officers understood that they had to deal with all different points of views. That caused us to be distrusted. We were concerned by this highly partisan atmosphere because it could have isolated the President; that is, he might only receive one point of view from his Republican staff. So I was fully aware of the chasm between the political operatives in the White House and myself.

All of these factors led me to turn down the opportunity for a Presidential appointment and I proceeded to go to Peru. It was a difficult transition for some one who had attended Henry Kissinger's staff meetings and then found himself as the number two man in the Political Section--which did not make me eligible to attend the Ambassador's staff meetings. That was a downer.

I had an autographed picture of President Nixon which I had hung in my office in Lima. It was there on Saturday night when the "massacre" took place--Eliot Richardson's resignation. The picture came down quietly and I put it in a trunk, where it still rests. It was very sad that a President, who had shown such extraordinary foreign affairs skills, had broken US domestic laws as Nixon had.

When I arrived in Peru in 1973, the country was run by a military junta. I was able to use my skills to the fullest; I was bilingual. I prepared some of the best reporting I had ever done as a Foreign Service officer. This was a time when a number of American academics were praising the Peruvian revolution because the Peruvian military had initiated land reform and were empowering the poor. In contrast, the Peruvian upper class had always been insensitive to the needs of the majority of the Peruvians. Now the government was run supposedly by "good" military who were making things right for the poor. That was a crock!

In fact, the Peruvian military were fascists. They had mobilized the peasants; they were creating all sorts of committees at the grass roots. If you were a farmer or a worker, you belonged to an

organization. These organizations were then stacked up in sort of pyramid, with the military being on top. We recognized and supported the need for reform in the country's economic structure. We were certainly not anxious to have Peru follow in Cuba's footsteps. So we didn't have too great a concern for the Junta's economic program, except for expropriation.

The military were engaged in a major effort to destroy any power center that might have given it competition. The officers were enriching themselves. They tried to develop a political system which would perpetuate their rule as long as possible. In general, military do not run countries very well; they lack an understanding of economics and other dynamics. It was therefore not surprising the original Peruvian junta was thrown out, first by internal coups and then by the return of democratic rule in 1980. The downfall was basically caused by economic deprivation. Production fell too catastrophically. My views on Peruvian fascism or corporativism were strongly criticized by some American academics. My reports were unclassified because I felt that views other than those circulated by academics should be made available to the American public. I did it quietly, coldly letting the facts speak for themselves. The Embassy was very supportive of my work.

The Peruvian military in my days was buying Soviet military equipment; I think it was the first Latin American country to do so after Cuba. That was not welcomed by us. In fact, the Soviet-Peru relationship was much closer than we would have liked to see it. So we had a difficult relationship with Peru in the early 1970s.

My portfolio was essentially to cover the civilian population of Peru--and Lima particularly. I was especially interested in those who opposed military rule. That was very interesting. My territory covered largely the political parties; I had very good contacts with the press and the middle class. In view of my grade, I did not deal with the military leadership nor cabinet officers. I knew some, socially, but had no official contact with them.

There was a lot of opposition to the military; I remember a bomb being detonated near our house, at the home of a naval officer who lived near by. We were awakened by the explosion. On another occasion, the police rebelled against the army in a futile effort; the only result was the death of some people. So there was a lot political unrest. But we generally had good personal relationships with Peruvians; they were friendly. Most of the Peruvians I dealt with wanted President Belaunde, who had been ousted in 1968, to return. Eventually, he was re-elected, although quite along in years by that time and in many ways out of touch with Peru as it had moved since his days in power. But he was elected, to the discredit of the leftist candidates who were viewed as the step-children of the Junta. It was clear by the time I left that eventually *Accion Popular* (Belaunde's Party) would win an election when a fair and open one was held.

The Ambassador dealt with the Junta, with which he had a pretty good relationship. Ambassador Toby Belcher spoke excellent Spanish; he also had a good sense humor. President Velasco had a strong personality and the two seemed to enjoy their dialogue, even when they concerned issues on which the US and Peru differed. So we had the Ambassador dealing at the highest levels, the Political Counselor with the cabinet and high party officials and me, as number two in the Political Section, relating to the second tier of the governmental and political structure. I got to know a lot of people, which enabled me to do a lot of reporting.

It was during Belcher's term that Soviet tanks were delivered. That came as a shock to us. We went about our business while trying to convince the Peruvians to change their ways. We were not willing to sell them the weapons they wanted, but the Soviets were only too happy to do so at very cheap prices. The delivery of the tanks caused a crisis because it upset the balance of power in that part of the world and forced us to confront the question of what we would do in case a Peru-Chile war broke out with Peru using Soviet equipment. Would we have to come to the assistance of a military government in Chile that we found unsavory, to say the least? So we worked very hard to reduce the possibility of conflict. Furthermore, we were concerned that the delivery of Soviet military equipment would increase Russian influence in Peru.

It should be said that the Chilean military always had the reputation of being a significant fighting force--at least in that part of the world. The Peruvians did not have that reputation. Furthermore, the Peruvian military was very involved in the management of Peru; almost every general had a high ranking position--cabinet officers, etc. So the military leadership was busy on many fronts. Of course, we did not have major relationships with the military--no military assistance program, very few sales. So we were not in a very good position to assess Peruvian tactical abilities; nevertheless, we took them seriously and as I said were concerned that they might take some aggressive steps, particularly after receiving the Soviet tanks.

The economic situation was also interesting. This was a time when leftist economic experiments were taking place; they were doomed to fail. For example, in the farm areas, the old landlords were thrown out and replaced by cooperatives. The peasants took over the *haciendas*, which they used to work. Sound economic theory would have permitted those peasants to work those fields; if they were successful, they would make money. If they weren't successful, they would go broke. But that was not the Peruvian military plan. It wanted the successful cooperatives to support the less successful ones. That of course immediately eliminated the incentive to be successful since the fruit of success would be passed on to others. Incentives were being eliminated from the Peruvian economic system, which was mindless and was bound to doom the Peruvian experiment as it did. By the end of my tour, Peru's economic situation was beginning to fray badly; the days of that Junta were numbered.

There was, of course, the problem of expropriation. The Peruvian "revolution" started in 1968 at which time the military expropriated the holdings of the IPC (International Petroleum Company). The military considered this a great conquest. But we insisted on compensation for our companies. By the time I arrived, this issue had poisoned relationships for five years; that situation would continue until there was a settlement towards the end of my tour. These negotiations were the responsibility of the economic section; I was not really involved and didn't have to report on them.

While in Lima, we lived through a very bad earthquake. I prompted a quick report to the Department. There was relief that no members of the Embassy had been injured. Ham radios had reported that Lima had been destroyed by a terrible earthquake. It was quite a violent event, but no Americans were hurt, as far as I can remember.

I should mention that the Peruvian military had long held a grudge against Chile. Peru had lost large parts of territory in a war that ended in 1881-- the War of the Pacific. Peruvian cadets would salute each other saying, *"Viva Peru! Muera Chile!"* or, "Long live Peru! Death to Chile!" The Peruvians wanted to arm to the teeth--against Chile. There was always a debate whether President Juan Velasco would attack Chile. He was known as a gutsy individual. While the Peruvian military as a whole might have been cautious, there was always a chance that Velasco might act rashly. I think there was a real chance of that. He was in ill health towards the end of my tour; so there never was an attack. But we were concerned. In fact, I had to spend a week in Washington working on a contingency paper in case Peru took any rash actions. Pinochet had come in power in 1973; in fact, because of the leftist tendencies of the pre-Pinochet Chilean government, relations between Peru and Chile were not bad. The Pinochet regime was a government of the right; that was the opposite direction from that which the Peruvian government considered itself. I don't know what effect Pinochet's advent had on Peruvian territorial ambitions; I suspect that Velasco's health was a greater restraining factor. Even so, I could not say that the Peruvians would have attacked Chile. We did know that Peru was greatly enhancing its military capabilities and Chile was the only possible target in the neighborhood.

Peru at the time had strong ties to Castro. Castro was a hero to the Peruvian masses. President Velasco of Peru liked to be known as a friend of Castro's. That further heightened our unhappiness and concern. Events in Chile--the overthrow of Allende--had been traumatic to Peru. The contingency paper I mentioned earlier was essentially designed to prevent an outbreak of hostilities between Peru and Chile--regardless of the tendencies of either government. We just didn't want to see hostilities break out anywhere in Latin America. Peru had other border problems but there were no current tensions on the Ecuadorian border. The last war between Peru and Ecuador had ended in 1942 and the United States was one of the guarantors of the peace under the 1942 Rio Protocol.

Peru had extended its territorial waters to the 200 mile limit. Tuna boat seizures did not take place during my tenure, but we did not recognize Peru's unilateral extension of jurisdiction. Our ships and aircraft used these waters freely, although we never wandered into the recognized twelve mile zone. We were not trying to provoke a response, but, as I said, we did not recognize the new territorial limits--which in any case, the Peruvians could not enforce. I mention the territorial issue as an illustration of a series of thorny issues we had with Peru in the early-mid 1970s. We had a very active Embassy covering a lot of contentious issues.

Belcher was replaced by Robert Dean in 1974. Relationships during Dean's early term were fairly quiet because the expropriation issue was a freshly settled problem.

While in Lima, I was promoted. This resulted in a welcome curtailment of my three year tour to two. I went to the National War College in August 1975.

DAVID N GREENLEE
Rotation Officer
Lima (1974-1976)

Ambassador Greenlee was born and raised in New York and educated at Yale University. After service in the Peace Corps in Bolivia and the US Army in Vietnam, he joined the Foreign Service in 1974. In the course of his career the ambassador served in Peru, Bolivia (three tours), Israel, Spain and Chile, as well as in the Department of State, where he was involved in Haitian and Egyptian affairs, and at the Pentagon, where he was Political Advisor. Three of his foreign tours were as Deputy Chief of Mission. He served as United States Ambassador to Paraguay and Bolivia. Ambassador Greenlee was interviewed by Charles Stuart Kennedy in 2007.

Q: You came into the Foreign Service in 1974. How would you evaluate or describe your basic officer course, the people who were in it and the introduction to the profession?

GREENLEE: The entry process had changed a little bit, I think, starting about a year or two years before I joined. We had to state a preference for which "cone" we wanted to be in when we took the exam. That is, for the consular, political, economic, or administrative cone. I was competing in the consular category because I'd been a public defender investigator, and I figured maybe I could get in more easily that way than competing for another cone. But I didn't know what to expect, coming in as a consular officer. I didn't know whether this would be my permanent cone or whether I could change cones later. I had no idea what would happen.

I went to the A-100 course. There was a good mix of people, and they didn't know what would happen, either. There were consular officers, political officers, economic officers, and administrative officers, I guess about 25 all together. It was kind of a protracted seminar. People would come in and explain things about the system and the service. It was hard to put any of this into a matrix based on experience because we hadn't done anything yet.

Many, probably most, didn't have a foreign language, so it was expected that they would go to language training before being assigned abroad. I had Spanish. I didn't know what would happen with me. Mike Yohn was the course director. He had been an embassy officer in Bolivia. I hadn't known him there, but we knew the same people. About three weeks into the course—and I guess it lasted about six weeks, maybe eight—he came over to me, and said, "How would you like to go to Peru as a political officer?" I said, "Sure, I'd like to go to Peru as a political officer." I' had traveled Peru, knew a little about it, and my strength was Spanish. And it would be interesting to start as a political officer. I said, "Why would you offer me that?" He said, "There was a woman in the previous A-100 class who was slotted for Peru as a political officer, but she decided she didn't want to do it. We need to fill the position."

I went to Peru as a political officer, but it was actually a rotational position. I spent a year in the consular section, six months as an economic officer, and six months as a political officer. Let me skip ahead. I then went back to the State Department , to the operations center. After that I needed another assignment. I decided that I wanted to go to the Soviet Union as a consular officer because that's what I was.

I went to see the consular personnel counselor and said, "This is my preference. I want to learn

Russian." She started thumbing through her papers, and said, "You're not on my list. You're not a consular officer." I said, "Sure I am." She kept looking and looking and finally said, "Oh, I see you did come in as a consular officer. You have a consular commission." I said, "OK, why won't you consider me as a candidate for Moscow?" She said, "Because you're not on my list." She got to be quite disagreeable. I kept saying, "What list am I on?" She said, "You're on the political list. You're a political officer." I said, "No, I'm a consular officer." She started to get angry, and I thought, "Why am I fighting this?" So I went across the hall and talked to the personnel counselor for junior political officers. He said, "Yes, you're on my list." To this day I can't figure out what happened, but I think I was assigned the job code of the woman who had originally been slotted for Peru. Whatever, I remained in the political cone from that time forward.

Q: Don't try to figure out personnel! You went to Peru. When you were in the A-100 course, did you get any feel for the type of service you were getting into, and how did it seem to you?

GREENLEE: I didn't know what serving in an embassy would be like, but I'd seen two embassies. I'd seen the one in Bolivia, and I'd seen the one in Madrid. I was very pleased to be on a professional track. I realized that if I had continued as a public defender investigator, I'd always be an investigator. I had to become a lawyer or I had to become something else. If I had stayed in the military, I'd have been on a professional track, but I knew it wasn't for me.

This was the first time I was in something with a ceiling that was very high, and I could keep going up to that ceiling. I saw people around me who were very bright. I thought this was an environment in which smart people were doing things that I would like to do. I was comfortable and impressed. Also, coming to Washington, I had per diem. They gave us enough money, an advance on salary, so we could get into a little apartment, rent furniture, and then, going to Peru, we had to take our own stuff, so we got another advance on salary.

Q: You were in Peru from when to when?

GREENLEE: From June or July of 1974 until June or July of 1976.

Q: Who was the ambassador when you were there?

GREENLEE: Robert Dean. The DCM (Deputy Chief of Mission) was Malcolm "Dick" Barnaby.

Q: What was Dean's background?

GREENLEE: Dean had been deputy chief of mission in Mexico before he went to Peru. I don't know much about his career before that. He seemed to be a very solid ambassador. The DCM was a very professional guy. Barnaby was good.

I went right into the consular section. What I found was a mess. It was understaffed. There was one woman who was very committed, a very tough, sound officer. I think she was a staff officer originally. She was very professional. Her name was Murrow Morris. Then there were burnouts. One guy knew his stuff but basically drank away his afternoons. There were junior officers, like

me, trying to deal with a disorderly crush of applicants who arrived in a chaotic stream each morning. It was very uneven-- the procedure for interviewing. It was exhausting. Some visa applicants were able to avoid the interview process altogether. A big chunk of passports always came in from the defense attaché, particularly. There was a lot of scope for fraud.

We had at the beginning a very good consular counselor, the head of the section. He left about a month or two after I arrived. He went to Hong Kong and then retired. His name was Willard Devlin, a good man. Then some guy came in—I don't want to get too much into personalities—from Europe who didn't speak Spanish and who was apparently a good consular officer in Europe. But he had no interest in Peru, no interest in Lima, no interest in being head of this busy and dysfunctional section.

I worked on the visa line for several months, and then moved to the protection and welfare office, which was more congenial for me. It was a little bit like getting back to the public defender office, because there were interesting cases: death cases and people needing help, destitute people, people in jail. I then rotated to the economic section and finally to the political section.

Q: Do you have any particular protection and welfare stories?

GREENLEE: Oh, yes, a lot of them. I really didn't know how to do this work. There was no real preparation for it, although I did go through something called ConGen Rosslyn before leaving Washington. But nothing prepared you for the reality of the work. Protection and welfare—I was just put in an office with a foreign affairs manual. There was a Peruvian lady who had been in that office a long time and in theory should have been able to do some things, but she was not very competent. People would stream in with their problems.

One case involved somebody who had died. This guy had been elderly and retired. He had been a passenger on a container ship. I think it was the Santa Mariana of the Delta Line. He got off the ship in Valparaiso, Chile, and flew ahead to Lima and then out to Cuzco. He went to Machu Picchu, and then back to Lima, where he booked into the Bolivar Hotel. He was going to rejoin the ship in the port city of Callao, but, instead, dropped dead of a heart attack on the floor in the lobby of the hotel.

When I got the case, no one knew anything about this guy, except that he had been on the ship. So I went to the ship in Callao. I met with the purser. He knew all about this guy and was clearly saddened that he had died. He said, "I think he knew something might happen to him. He loved being on the ship. Before getting off in Chile, he wrote a codicil to his will, and he left it with me." The purser showed me the document. It said, in essence, that if he died on the trip, he wanted to be buried at sea.

So here's the situation: There's this guy who's dead. A funeral home has his remains. There was some money in his possession, or on the ship, when he died, but not much. There was a document, a will, really, saying he wanted to be buried at sea. We tried to find his next of kin, but there were difficulties. I think he had been divorced and we could only locate his ex-wife—but we couldn't get much out of her. We figured we should honor this guy's wish to be buried at

sea, and she had no problem with it.

So we did our research. We went through the regulations. I consulted the embassy lawyer, a Peruvian. The ship had its own manuals conforming to U.S. maritime law. According to the protocols--I forget if it was Peruvian law or how the ship did it—the remains would have to be cremated. That was one step. It wasn't committing the body to the deep, like in the movies. It would be scattering ashes from the stern, or something like that. So the remains were cremated.

The next thing was that the ashes had to be put into a certain kind of box. The funeral home director said it had to be zinc-lined, which cost a lot more--but there wasn't any reason for a zinc-lining if there were only ashes. Too late, he had already built the box, and he wouldn't release the ashes unless we paid for it. But there weren't funds to cover the added expense. By this time a daughter, the real next of kin, had been located, and she wanted to know why her father had been cremated and why he was going to be buried at sea. Then she didn't want to pay the extra money for what she considered, justifiably, to be a shakedown by the Peruvian funeral director. I don't remember how we finally cleared all this up, but I do remember the mahogany box, zinc-lined with the ashes inside, sitting in my office until the next Delta ship came through. That was a typical consular story.

Q: What sort of visa cases did you have?

GREENLEE: There was a socialist revolution underway in Peru at that time. The president was a military dictator named Juan Francisco Velasco Alvarado, who aspired to a leadership role in the Non-Aligned Movement. People with property, normally good visa cases, were trying to leave, along with the usual hoards of economic migrants. It was hard to sort out the bona fide from the non-bona fide applicants for non-immigrant visas. The standard was that you had to be convinced in your mind that they were not intending to immigrate. Many who had resources and on the surface prima facie reasons to return to Peru in fact were trying to relocate to the U.S. It was easy to identify the economic migrants. There would be these young guys from poor areas of Lima, like Rimac, saying they wanted to visit Disney World. You would ask if they were married. They would say, "Yes, and I have two children, but they don't want to go." Those were the easy calls. But it was hard to know about the relatively well-to-do.

I remember, when Bill Devlin was the consul, I said, "I don't know how to do this except by guessing." He said, "That's all you can do. Frankly, you could take a pack of applications and go through them and blindly give one out of three a visa, and you'd probably hit it as well as through the interview process." It was like the monkey throwing darts at stock charts, and doing about as well as the brokers.

One of the more interesting cases was that of novelist Mario Vargas Llosa. He was a self-professed socialist and was listed in the "look-out" book as not eligible for a visa without a Washington waiver. The cultural attaché, Frances Coughlin, asked if I could help. I did. I gave him the visa. I am not sure I strictly followed procedure, as I heard later that other consular officers had refused him. That was Cold War era nonsense. Frances later invited me to a reception in Vargas Llosa's honor, and identified me as the person who had given him the visa. I had done the right thing, but I may have exceeded my authority. Not for the last time.

Q: Were there strong social divisions in Peru?

GREENLEE: Yes. With the military regime at the time, the goal was sweeping economic and social change, and many Peruvians believed they had been victimized by the U.S. and the developed world. Peru was deeply split by racial and economic stratification. Lima, the capital and main city of the country, had been dominated by people of European stock, people who were generally pretty cosmopolitan and well educated. But in the decade or so before I arrived, the city had become surrounded by shanty-towns, called *pueblos jovenes*, with poor people from the countryside. They were the main support for the populist military regime. The core of Lima had a population of about two million. But the *pueblos jovenes* had another two million. They lived in houses made of straw-thatch. Velasco Alvarado, the de facto President, established his political base by extending potable water and services to these people. It was good politics, but there was little economic development.

Q: There was no "Shining Path"?

GREENLEE: No. This was before the Shining Path. The processing of social protest was through the military-led revolution and its affinity with other Third World movements. The Shining Path, "Sendero Luminoso," was a little later. It was Maoist and rural and ethnocentric. The sparks that flew during my time in Peru were from events like the nationalization of foreign-own property-- like a copper mine that belonged to the Marcona Corporation. That became a complicated bilateral issue.

Q: At this time, you and your wife were young. I would think you generally would be attracted to the universities or were these anti-American hotbeds?

GREENLEE: They were hotbeds. I guess that's one way to put it. We did not frequent the University of San Marcos or other universities. We had friends in the Peruvian community, but they were post-university. We lived in a community that was far out of town. The people we knew always had reservations about the U.S., about our role in Latin America in general, and our role in Peru in particular, but would always treat us as though we were different like, "Your country does this, your country does that, but we know you are different." That put me in the uncomfortable position of defending policy but also preserving friendships.

Q: Can you contrast Bolivia and Peru from your perspective?

GREENLEE: Yes. They are different countries in some ways but similar in other ways. Bolivia used to be connected to Peru, and the countries remain close historically and in other ways. Bolivia was originally Alto Peru, High Peru, but it split off early in the independence process. There's a part of Peru and a part of Bolivia which are indistinguishable from one another. It's the part around Lake Titicaca, on the great upland plateau called the altiplano. The populations of both countries speak Quechua and Aymara. Where they overlap they are a single community, a nation , really. The people around the lake pay little attention to the border. Culturally they are totally integrated.

Peruvians and Bolivians generally look at each other as cousins. A lot of Peruvians are married to Bolivians. Bolivia traditionally—historically—has a proclivity, an inclination, to be in league with Peru. Peru and Bolivia together lost territory to Chile in the War of the Pacific in the late nineteenth century. Bolivia lost its seacoast to Chile. The Chileans sacked Lima in that war and took a chunk of the Peruvian coast. There's a natural alignment between Bolivia and Peru, but Peru is more prosperous than Bolivia. Aristocratic Peruvians tend to patronize Bolivia. Unlike Peru, Bolivia does not have a real aristocratic class-- it's more racially mixed.

Q: When you were rotated to political and economic work, what sort of things were you doing?

GREENLEE: Dick Barnaby, the DCM, had a project for me and I think for all the junior officers who rotated. It was to write up the country team meetings. It was sort of practice political reporting. I tried to be aggressive in developing contacts and being involved in things, and I also drafted cables. I was a slow writer, but, for a junior officer, I think a competent one. There was a Non-Aligned conference, and it was quite a circus. I was responsible for writing the main cable. There was a breakdown in the system, and I was told to get a reporting cable out without front office clearance. I showed it to somebody, and he made a couple of changes. But basically it went out as I wrote it. Part of it was quoted in a book by Daniel Patrick Moynihan, a book about his time as ambassador to the UN.

Q: Were there a lot of heavy weights, like Tito, at that conference?

GREENLEE: This was a ministerial conference. Tito wasn't there. Peru was trying to be a big player in the Non-Aligned. It was trying to be at the vanguard of South America. Under Velasco Alvarado, it made some headway.

Q: What role did Cuba and Castro play in that?

GREENLEE: It's hard to talk to Latin Americans about Cuba objectively because Castro's the guy who stood up to the U.S. Castro's the guy who was never defeated, never overturned. Castro's the guy who stuck his thumb in our eye. Castro was going his own way, no matter what the U.S. wanted. Peruvians and others seemed proud of Castro.

We also had a visit by Henry Kissinger when he was Secretary of State. I worked a lot on that, at the basic planning level, with the Peruvian foreign ministry. I figured with all the background noise about U.S., imperialists-- "We don't like you guys, we're Non-Aligned, look what you did to Vietnam, etc.—it could be a rocky visit. In fact, Peru had even kicked out the Peace Corps. But when they found out that Kissinger was really coming, the Peruvians were thrilled. There were banner headlines in the press. I thought, well, I've missed something here. I was listening too much to the chatter and not to the yearning for a real connection with the U.S. at a high level. And I saw a real respect for Kissinger as a person who could move things, impact the world. He exemplified U.S. power.

Q: How did the whole Allende-Pinochet-Chile thing look from your vantage point in Peru?

GREENLEE: When I joined the Foreign Service, Pinochet had been in power for less than a

year. Pinochet was very much in control of Chile. There had been a very brutal coup—but the economy was beginning to turn around. The coup was not much discussed, at least in my circles, although when it came up, there were questions about the U.S. role, about whether we had a hand in it.

In Peru the issue with Chile was more geopolitical. There was the legacy of the War of the Pacific. The Peruvian military was arming up. They were getting Soviet materiel and some French equipment. The chatter on the social circuit was that Peru was readying for war. I remember a Maryknoll priest, an American, remarking that he thought Peru would at some point attack Chile and retake what it had lost, down to Iquitos.

One day, I think an anniversary date, the Peruvian air force put on a public demonstration of their capabilities. Off the coast of Callao they anchored a couple of ships. A squadron of Mirages was to fly over these ships and strafe them. This was clearly a demonstration for Chile. The Peruvians wanted to show the world they were tough and no one could push them around. But the planes seemed to miss their targets, and in fact one of them crashed, over the horizon, into the sea. There was a reporter for the Associated Press who wrote this up as a big flop, and she was then expelled from the country. We were making sure that she was treated OK, but off she went, this reporter. That was the level of sensitivity.

The government spokesman explained to the press that the planes weren't supposed to sink the ships; they were just supposed to hit the area outlined by the ships, and the plane that fell from the sky, well, that was waved off as irrelevant. I think the AP reporter's lead was something to the effect that the Chileans had nothing to worry about.

Q: What about the border between Ecuador and Peru? What was happening during your time there?

GREENLEE: During my time there was border tension with Ecuador and an issue over whether oil drilled on one side could suck oil from the other side. But it wasn't an active dispute at the time. It was just there.

The thing I remember about Ecuador was that Peru had these wonderful big coins, "one Sol" coins, over an inch in diameter. They were made of a brass. They were yellow. There were currency controls in Peru, and a black market. We couldn't be involved in the market, at least those of us who worked for the State Department, and living in Peru became quite expensive. But with inflation, the one-Sol coins became more valuable for their metallic content than for what they could buy. These coins started to disappear, and the word was that they were going to Ecuador, where they were bored out for use as washers.

Our ambassador wanted to make sure that we all toed the line and exchanged dollars only at the official rate. The people from the other embassies, and all the Peruvians we knew, thought we were nuts, and many people in the embassy—probably half the people—started exchanging on the black market anyway, and they thought people like me were nuts. Later, after I left, this changed and the embassy found a way to exchange at a realistic rate without offending the Peruvian government.

Q: Was there concern in Peru that maybe we were trying to destabilize the Peruvian government? We were certainly accused of doing something to Allende, and so I would think they would be looking at us the same way.

GREENLEE: I think there was always a suspicion of that. It was a de facto government and we wanted democracy. But we were not involved, as far as I know, in any plotting. But there was plotting inside the Peruvian government, and there was a palace coup when I was still there. Velasco Alvarado was kicked out, and another general named Francisco Morales Bermudez came in. He was a little less radical.

Q: Did the Japanese Peruvian community and Fujimori play any role at that time?

GREENLEE: Not Fujimori. He was totally unknown politically, as far as I know. There were Japanese-Peruvians. It was a substantial community, and there were Chinese- Peruvians as well. They were not political factors as far as I am aware.

Q: Were the Soviets a factor?

GREENLEE: Yes. With the military government there was quite a substantial Soviet presence. They would always be looking at us, and we'd be looking at them. An example was when I was on the visa line there was Soviet guy who would come in every once in a while and bring some people with him, presumably to get visas. They would always be looking at us. There was a lot of talk about it. The Cold War was at its height and Latin America was emerging as an area of competition. The Soviets were increasing their exposure in Peru and other countries. There was very much a Soviet factor in our relationship with Peru.

Q: How did you and your wife find the social life there?

GREENLEE: Very easy and very good. The Peruvians are very nice people. We did not have an active social life before the foreign service, so it was a change for us. We were invited out a lot. We lived in a community outside of the main part of Lima where there weren't any Americans. We had neighbors we saw all the time. We had little kids, so that limited some things we could do.

HARRY W. SHLAUDEMAN
Ambassador
Peru (1976-1979)

Ambassador Harry W. Shlaudeman was born in California on May 17, 1926. He obtained B.A. from Stanford University. He was in the USMC overseas from 44 to 46. He served in Barranquilla, Sophia, Santo Domingo. He was D.C.M. to Santiago. He was ambassador to Caracas, Lima, Buenos Aires, Brasilia, and Managua. He was Desk Officer to the Dominican Republic, Deputy Assistant

Secretary of Inter-American Affairs, Assistant Secretary of State, Executive Director to the Commission of Central America and Ambassador at Large. He was interviewed by William E. Knight on May 24 and June 1, 1993.

SHLAUDEMAN: On Peru, it's useful to recall the background. In the first place, the Nixon Administration managed to maintain an acceptable working relationship with the Velasco government. Now Velasco's government, in many respects, was even more hostile to the US than Allende's in Chile. It was a military government, but what Kissinger used to call a Nasserist government -- intensely militaristic, very left-wing. They had succeeded in expropriating just about every piece of American property in Peru. I assume that Kissinger and the others made the necessary distinction between left-wing nationalism and pro-Soviet. The Soviet influence was not that strong in Peru -- Cuban influence was fairly prominent. In any case, we carried on over a number of years -- in my case, beginning in 1973 when I was Deputy Assistant Secretary, lengthy negotiations with the Peruvians on these expropriated properties, and Kissinger himself was very involved in these. He got to know and to have a personal relationship with General de la Flor who was the Foreign Minister. Carlyle Maw who was Kissinger's lawyer, was brought into the Department as Legal Advisor, later handled the negotiations on the confiscation of the Marcona properties. In any case, we had this somewhat troubled relationship in the background.

The Peruvian military government was hostile, even after Velasco was deposed and Morales Bermudez took over. So when I arrived, it was a very chilly relationship. I would have to say that over the next three and a half years, the relationship changed and improved enormously, largely due to the Carters themselves. Mrs. Carter made her first trip to Peru in June 1977, and she and the people who accompanied her were obviously totally ignorant of what they were about to encounter. They stopped in Ecuador first and the Ecuadorians prevailed on Mrs. Carter to raise with the Peruvians the border conflict they had in the Amazon. Now, nobody on the plane was apparently aware of the fact that the US is a guarantor of the Rio Protocol which fixed that boundary, so it was hardly appropriate for us to, in effect, represent the Ecuadorians before the Peruvians. The Peruvians were terribly shocked.

Q: *Let me just interject. The Rio Protocol was when?*

SHLAUDEMAN: The Rio Protocol was, I think, 1940 or '42, and what happened was; an armed conflict between Ecuador and Peru over the border in the Amazon. The Ecuadorians claim has always been that for historical reasons, which I won't go into, Ecuador should have access to the Amazon that is to their eastern border. The Peruvians, to the contrary, claim the existing border, and the Peruvians won the little war that took place then. The Rio Protocol was an invention on the part of the US, Argentina, Brazil and Chile, and resulted in fixing this boundary. The four powers guaranteed the boundary.

In any case, this was an example, I think, of somebody who was really not prepared, and the people with her were really not prepared. When Mrs. Carter returned, over three years later, for the inauguration of Fernando Belaunde as President, she was not only much more knowledgeable about what she was doing, but much more open to help, assistance, and advice from the Embassy. In any event, Morales Bermudez who was in constant and terrible financial problems from the first day I was there, looked to the US not for direct aid, but for help with the

international institutions -- the Fund, the Bank, which he got from the Carters, very much so, and he was very grateful for that kind of support.

Q: *At that stage, were we trying to channel our help increasingly through the international in order to avoid the bilateral problem?*

SHLAUDEMAN: Yes, and we still had immense bilateral problems with the Peruvians. There were a number of problems, including the drug issue. In fact, I spent a good deal of my time there on the issue. By the time I got there, the cultivation of coca in the upper Huallaga Valley was already an extensive industry. Already had attracted great attention from the Congress in particular. We did have a substantial bilateral aid program, which I thought was a very good one. It focused particularly on the poor suburbs of Lima, the issue of housing and infrastructure. I've been amused to read as much as ten years later about the innovations in the drug business, the innovation of crop substitution. We were involved in the innovation of crop substitution back in 1977 and it never worked. In fact, one of our schemes was to substitute the cultivation of tea in the upper Huallaga for coca.

In any case, we were there for three and a half years, and I think it was a very successful tour. I enjoyed it, and it was only at the very end, the last few months I was there, that suddenly, out of nowhere, as far as we were concerned, the Sendero Luminoso, the Shining Path, suddenly emerged in the Altiplano of Peru. This was an interesting, to me, case. We had no inkling whatsoever. This was an absolute surprise in every sense of the word. It's an interesting comment, I think, on some of our intelligence failings, that we knew absolutely zero.

Q: *In the light of later knowledge, how long had that been developing?*

SHLAUDEMAN: Well, we know that it had been developing for at least 10 years. However, of course, their first overt action was in May of 1980. But this focus of subversive activity at the University -- we were completely in the dark as far as the Sendero Luminoso was concerned. The military government, the whole Velasco effort, proved to be a great disaster -- the confiscation of estates, the collectivization of the economy -- all these things that they tried -- everything failed, as these schemes were failing all over Latin America at the time. This was my first experience with what I would call an institutional military government. There's a distinction in my mind between the popular impression of a military government led by some fat general who's a dictator, and the true institutional military government which is the kind that first became prominent in Brazil and in Peru later on.

Q: *Marcos introduced that sort of thing in the Philippines, and said that for the first time the generals would become administrators and subject to all the graft and corruption that went with it. Previously they had been fairly clean.*

SHLAUDEMAN: It was also institutional -- under Velasco it was not, but under Morales it was institutional in the sense that he was nothing more than the representative of the institution. He had to look to vetoes from the services, from powerful military commanders. In any case, it was a terribly inept government, largely staffed, as with Marcos, by general officers of one kind or another. They spent enormous sums of money on armaments. One of the myths in Latin America

at the time was that the war between Peru and Chile, the War of the Pacific, would resume on its hundredth anniversary, which was 1979. So they were buying all this equipment and we were trying to slow them down. We were also urging them to switch from Soviet equipment to ours, which they didn't do. So the Soviets, in the end, ended up with a lot of worthless paper and a lot of barter arrangements that didn't pan out. In any case, all this came about during a very slow, agonizing, but ultimately successful transition back to democracy, which was really the beginning of a wave of these things all over Latin America. Peru was the first one -- well, Ecuador really was a little ahead of Peru. We supported this very strongly, of course, and it worked out very well. When I finished in Peru, President Carter kindly sent me to Argentina.

Q: *Let me ask you a question before we go to Argentina. You said that when you arrived in Peru, relations were very chilly. In operational terms, in your position as Ambassador, and your relations with your Peruvian targets, what did this mean? Could you not see the top people, or were they just unfriendly when you did see them?*

SHLAUDEMAN: I could see the top people -- although, the way they structured their government and the way they conducted their foreign relations was very formal. Much more so than any country except, perhaps, Brazil. So that I very rarely saw the President -- only under the most important circumstances.

Q: *A few times a year?*

SHLAUDEMAN: No more than that. The usual things -- you had to go through the Foreign Minister to see a Minister. They had set up a number of protocolary channels that you had to deal with, but I was thinking more of the ambience which was still very nationalistic. Very shortly before, less than two years before, they had held the nonaligned -- the annual meeting in Lima, and there was still a great deal of that kind of froth in the Peruvian ambiente. Peru continued to be a country with most severe racial problems, more so, I think, than any country in Latin America. They weren't really making much progress. I had a close friend there who was from a very distinguished family who had literally been everywhere in the world -- Japan, China, Europe, Africa, and he had never been to Cuzco, never been in the Altiplano.

Q: *So the racial tension was between the Indians and the Europeans?*

SHLAUDEMAN: And the old white families. That still existed, even though Velasco had confiscated most of the properties, but the social gulf was still very much there.

ROBERT S. STEVEN
Chile Desk Officer
Washington, DC (1977-1979)

Mr. Steven was born in Massachusetts and raised there and in Rhode Island. He graduated from Brown University and served in the US Army before entering the Foreign Service in 1957. Mr. Steven became a specialist Latin America, where he

served in Mexico, Chile and Argentina. He also served in Burma, Vietnam and Japan and had several senior assignments at the State Department in Washington. Mr. Steven was interviewed by Charles Stuart Kennedy in 2001.

Q: What the hell's the Beagle Channel?

STEVEN: Well, the Beagle Channel is a line down in the gulf.

Q: This is Magellan's Straits?

STEVEN: The Magellan Straits, it's that area, and it's the dividing line between the two countries. It's important only in the sense that the line drawn down that channel then goes out to sea into these 200-mile economic preference zones, and who knows what the resources are down there, fishing, oil, everything else. So the key thing was how did you draw that survey line, not because of what it did in the channel - who could care about the channel - it's what the extension would mean to sea, and it made a big, big difference. And the stresses and strains and concerns on that got strong enough so that there was some genuine fear of some military action, not that there would be a major war but that the Argentines might land troops on soil down there that Chile claimed, or vice versa, and it could escalate into something worse. I've often thought back in my own mind that, if that had ever happened, the Argentines would have gotten the same terrible surprise they got in the Falklands. The Chilean military, whatever they are, are very professional, they're very good. They were small; it was a considerably smaller force than the Argentines had, but I think myself that they would have badly hurt the Argentines. That had to be resolved. But then even earlier when I was in Chile as a desk officer, there were concerns about Peru and Bolivia. Historians remember the War of the Pacific, this sort of thing. And it's never really been resolved. The Bolivians still had their gripes and grievances, as do the Peruvians, and there was concern because at that time Peru, under a fairly leftist government, was get surprisingly modern and ridiculously advanced equipment from the Soviet Union. They were getting tanks and aircraft and things. Well, the Chileans were looking at this and saying - I remember talking to the Foreign Ministry people - "The idea of our being attacked by Peru is silly, but at the same time, as our military pointed out, if we are attacked by Peru, there's not much we can do about it up there." This was way up in the desert up there. "We don't have equipment to handle modern battle tanks. We don't have the fighters to fight off the Russian jets." And they were desperately looking for military hardware. We weren't about to sell it to them; we couldn't. They went to the European countries, of course, and they didn't get any help there. They were really scratching at how they were going to defend themselves if the Peruvians decided to come down, for example, and take the city of Arica, which they could have easily done. It's a bargaining point. It didn't in the end amount to anything, but there was some genuine and legitimate concern. So we dealt with that type of thing, talked to the Peruvians and the others. As I recall, in the Beagle Channel the best resolution finally came when the Pope involved himself, the former Pope. He spoke up, and, of course, their being both good Catholic countries, they could ignore the US Secretary of State but they couldn't ignore the Pope. Things quieted down again, but these were issues that were peripheral to US interests only in the sense we didn't want to see fighting in the Western Hemisphere. The Argentines were the worst case, because their inability to see reality was shown so clearly in the Falklands. I don't think we mentioned. This is going back a little bit but it may be a useful perspective for somebody

someday reviewing the Falklands War, the Malvinas War. I have always maintained that the Argentine government made several mistakes, and their foreign minister should have been shot. Their first mistake was the British won't fight, obviously; they were very wrong. Secondly, if the British want to fight, the US won't let them, the Monroe Doctrine and so on; they were wrong. Thirdly, if the worst happens and the British do come down here, the other Latin American countries will rally around and send troops and airplanes and so on; wrong. Last, they would have massive sympathetic outpouring of public opinion in the Western Hemisphere against the foreign invaders; wrong. They should have shot the guy. This didn't take an ambassador, or diplomat, to figure out in advance; anybody could have told you that. And they desperately were trying to save their government, and the only way to do it was to go out and start a little war.

CECIL S. RICHARDSON
Chief, Consular Officer
Lima (1980-1983)

Cecil Richardson was born in New York in 1926, and graduated from Queen's College. He served in the US Army from 1944 to 1947, and overseas from 1951 to 1952. Entering the Foreign Service in 1956, he was stationed in Dakar, Saigon, Lagos, Niamey, Paris, Accra, Brussels, Quito, Tehran, Lima, St. Paolo and Bahamas. He was interviewed by Charles Stuart Kennedy on August 5, 2003.

Q: Yes, so you were in Peru from '80 to ... how long were you there?

RICHARDSON: 3 years.

Q: '83 then.

RICHARDSON: Yes.

Q: What were you doing?

RICHARDSON: There was a fairly good sized operation. I had about 22 people working for me including several vice consuls and a local lawyer.

Q: What was your job position there?

RICHARDSON: Oh, Chief of Consular Section.

Q: Yes.

RICHARDSON: There was a complete unit there.

Q: Who was the ambassador at the time?

RICHARDSON: Ed Corr. Now, you were asking me about Peru, who was in Peru? Oh, Ed Corr, with whom I had served in Ecuador. When I was in Ecuador, he was the Political Counselor, I was Chief of Consular Section. And we had a great dispute on principle.

Q: What was the principle?

RICHARDSON: That he wanted something done to accommodate some contact of his and I refused to do it. So we went back and forth, back and forth, and I was in the right, I had, I had a right to do it refuse it.

Q: Oh yes, I know, I have any of these particularly Chiefs of Political Sections ...

RICHARDSON: So it went up to the ambassador and the ambassador backed me. Well, 6 weeks later we find out the name of the man who was going to replace the departing DCM ... it's Ed Corr, with whom I had just had this big fight on principle ... well, he's got to be the most decent man in the world, he never referred to the argument. He and I are still friends, it had no effect whatsoever. So he was my DCM and then later on he was my ambassador in Peru. Some years later I inspected El Salvador when he was ambassador.

Q: And you went to Peru in 1980, what was the situation there?

RICHARDSON: The situation was also one of a military dictatorship. And while I was there, there was an election and the man elected was the man who had been deposed by the military 10 years earlier so if Rip Van Winkle, a Peruvian Rip Van Winkle, had fallen asleep during his first tenure and awakened after the election, he would have still found the same president in their white house. I always thought that that would have been an amusing idea for a story.

Q: Well, now we've gone through some rather difficult periods of Peru with a military that was not vehemently deposed towards the United States and there was nationalization of some international property and all that. How were things at the time you were there?

RICHARDSON: Well, by the time I had gotten there, whatever the bad feelings had pretty much passed on, problems if not been resolved, they had been suspended. The military was in control and a lot of military checkpoints on the road. My wife and I were driving from Lake Titicaca back into the country, and we encountered an incredible number of military checkpoints.

Q: Well, was this the time of, what was it, the Shining Path?

RICHARDSON: Yes.

Q: This was a pretty scary situation, wasn't it?

RICHARDSON: We had an embassy bombed at that time. It knocked out, about I think, a hundred windows. They had built a protected area for the marine guard and it had just been completed like a week or 10 days before this bombing and happily, that's where the marine guard was, in his appointed place when the bomb went off so he was not injured. If he had been

out of it, he would have been peppered with shards of glass.

Q: Well, what was, how did the political events, you know this Shining Path terrorism affect your operations, or did it?

RICHARDSON: On consular operations?

Q: Yes.

RICHARDSON: I would say that there were just general security concerns. I don't know if it was the Shining Path or not. I was threatened once, my house was once threatened to be bombed. Why threatening? If they were going to bomb, they would have bombed.

Q: Bombed. Yes.

RICHARDSON: So, I don't know why anybody would have called up and threatened to bomb my house.

Q: Well, what was consular work like? ...

RICHARDSON: Now, there was Ayacucho. We traveled quite extensively in the country, my wife and I, by road and air, but there was one city that we always wanted to visit but that was a hotbed of Sendero Luminoso guerilla activity. That's where it started. And so we never got there. But otherwise we traveled quite extensively. Along the coast we used a car, when we went into the interior to Cuzco and Iquitos we flew. I spent a lot of time down in the south performing American services for the copper company employees down there. The company liked that because instead of having the employees come up and lose time, they just had to provide me with transportation down there and a place to sleep. So they would send a plane for me and take me down.

Q: Well now ...

RICHARDSON: Also the missionaries in the interior. I worked very closely with them, the people who were doing the Bible translations.

Q: Well now, how about, what were sort of the, were you having some of the same troubles you were having in Ecuador about Americans being foot-loose and fancy-free and hiking along the Andes?

RICHARDSON: No. That was pretty mush past, but at one point I had something like 22 people in prison, all for drug smuggling. They created some excitement for us when they went on a hunger strike. It lasted a couple of weeks.

Q: Were these real smugglers or were these kids?

RICHARDSON: No. These were adults. But not professionals. One guy came down with his

golf clubs and stuffed his golf bag with cocaine. No, they weren't very smart. But I also had druggies, people who came down simply to indulge in drugs.

Q: Well, tell me when you get that, were there affects to them playing around with these drugs or were they essentially just sitting there and ...

RICHARDSON: Getting happier and wasting themselves, but eventually they moved on. I didn't have anyone die on me from drug overdose. I don't understand, there was one couple, they came to me begging for help, there wasn't anything I could do for them unless I take them into a hospital which they refused. They were gray. The only gray color I've ever seen on a European type person, she was dead several days.

Q: Oh, boy.

RICHARDSON: But, they were gray.

Q: Were they willing to go back to the States or?

RICHARDSON: No.

Q: Were you able to help that or do they..

RICHARDSON: I never had to repatriate any of them, they somehow found their way out.

Q: How were Peruvian jails?

RICHARDSON: Terrible, terrible. They, but before I got there, we had negotiated one of these treaties where the person could serve his time in his home country and this was popular with Americans because parole and time off for good behavior were much more liberal in the U.S. Federal system than in Peru. But I had one guy who turned it down. He turned it down. He had a café going in the prison with a pool table and regular little rackets he had going on, he wasn't about to give that up to go sit in jail in the U.S.

Q: Were there many students going from Peru to the United States?

RICHARDSON: Not that many, they, the middle class already had their visas and so they'd have B-1 / B-2's. If they came in for a student, it wouldn't really be anything that we would need to focus on because they came from families that could afford to send their children to the school and if they were from that social class that couldn't afford it, so they didn't get visas. They were just part of the great poor mass because I had a high refusal rate there.

Q: But, how about, were there efforts made for Americans to adopt children or anything like that?

RICHARDSON: I didn't have that in Peru, I had it in Ecuador when I was there. There was an active child adoption activity.

Q: How does that work?

RICHARDSON: It works quite smoothly, but on a small scale. It wasn't a big business. There was one lawyer who was very active and he gave satisfaction. What he arranged, you know was he selling babies? But nobody talks and nobody complains ...

Q: No. That's often the way. Well, how did you find Peruvian society. I mean living in Peru?

RICHARDSON: Well, I enjoyed it. It's a highly stratified class structure, but it's changing. Can I tell you a story about social-cultural change?

Q: Yes.

RICHARDSON: My wife and I went to a dinner party, it was a buffet and the guests were people of our age. Peruvian wives all prepared plates for their husbands and brought the plates to their husbands. Their husbands never went near the buffet table. Well, everybody's getting fed and you know I'm getting hungry and I know my wife's not going over to the table to prepare a plate for me, it wouldn't have occurred to her. Well, what am I going to do? I'll lose face if I go, but I don't want to go hungry. Well, the men and women are separated, but the food was in the men's room. The women would serve their husbands and prepare their plates and go to the adjoining room. Well, I saw my wife, but she was busy talking. She was one of the last women to go to make a plate for herself. So I saw her filling up her plate and I wandered over by the door way leading to the room where the women were and when she came by I greeted her and said, "Hey, honey, what have you got there." So she held out her plate like this to show me what she had on her plate and I snatched it out of her hand. [Laughter]. And I went back and rejoined the men. I explained it to her later and she understood. Well, these were people of our generation, our age. A month or two later and it had to have been, it could not have been a longer gap, otherwise it wouldn't have struck me so vividly, we were the oldest people at a dinner party where the guests were the age of the adult children of the previous crowd, they are the age of the adult children and of the same class and we noted that not a single young woman prepared a plate for her husband. Without any hesitation at all every young man went up to the table and filled up his own plate. That was a social cultural change that we observed. I was very, very struck by that.

Q: Yes, fascinating.

RICHARDSON: So, a society in the process of change.

Q: Well, were there any major events in the '80-'83 period?

RICHARDSON: Well, the big thing was the election.

Q: Fujimori?

RICHARDSON: No, no, no. Famous Peruvian author presented himself as a candidate, but he didn't win, it went to Belaunde who had been there 10 years before. That was one of the biggest

things.

One brief story before leaving Peru. At a large American missionary station deep in the interior I attended a performance, in English, of a French play, Cyrano de Bergerac, by American students of the station school while behind me someone was explaining the action on the stage to a Quechua-speaking woman in full local dress. I have always counted that evening as one of my most notable cross-cultural experiences.

WILLIAM LENDERKING
Public Affairs Officer, USIS
Lima (1980-1983)

A native of New York, Mr. Lenderking graduated from Dartmouth College and served a tour with the US Navy in the Far East before joining the Foreign Service of the US Information Agency in 1959. As Public Affairs, Press and Information Officer, he served in posts throughout the world and in Washington, D.C., where held senior level positions in USIA and the Department of State dealing with Policy, Plans and Research. Mr. Lenderking was interviewed by Charles Stuart Kennedy in 2007.

Q: Okay, 1980; whither?

LENDERKING: I thought having a big press attaché position was the best job in the world, and I was happy to have another one of those jobs rather than be PAO, because the latter was more of a bureaucratic manager kind of job. Trouble was, I'd never get promoted with another press attaché job, because it was considered essential to acquire management experience in order to make it to the top levels of the Foreign Service. So, since I still had plenty of ambition, I recognized the conflict. Being a PAO involved having to be a naysayer to a lot of people and my experiences with my PAOs in Italy and Bangkok were not the happiest. But people who thought I had some talent kept saying, you know, you should be a PAO, you are senior enough and you have been around long enough. So anyway, I get a phone call in the middle of the night from Bob Chatten, the East Asia and Pacific Area Director who had succeeded Bill Payeff and an old friend, who says, "Congratulations! You're going to Peru as PAO!" I had not applied for that and I said okay, Peru. And my wife, who is Australian, is just awake enough to say, "Peru! Where's that!" She'd barely heard of it and couldn't visualize how it could be any fun or at all interesting. So, Peru is a long way from Bangkok and that was my next assignment, as PAO to Lima, Peru.

Q: Well, you were sort of a Pacific Ocean specialist.

LENDERKING: I guess, yes. And I had Spanish and I had had Cuba and Bolivia way back when so there it was. And Peru turned out to be just a super, very pleasant assignment with one exception and that is that we had three ambassadors, two of them great and one of them was one of the worst people I have ever met in the Foreign Service.

Q: Alright, so you were in Peru from 1980 until when?

LENDERKING: 1980 to 1983.

Q: How would you describe the situation when you arrived in Peru in 1980?

LENDERKING: There was a new freely elected democratic government under Fernando Belaunde, a reformer, after a long period under a leftist military dictatorship that was hostile to and suspicious of the U.S., although it wasn't nearly as autocratic and hostile as Castro's Cuba. Anyway, there was a feeling among both Peruvians and Americans that a new dawn was breaking.

Q: How were conditions from your perspective, such as freedom of the press and expression and all that? Was it a pretty open situation?

LENDERKING: Under the military dictatorship basic rights were circumscribed, and many journalists and politicians were in exile, but the new government restored press freedom and a lot of the exiles returned. There was a feeling that Peru was launched into a new era.

Q: How about the economy and the ethnic situation in Peru? What was going on?

LENDERKING: The economy has seldom been robust in many Latin American countries and that was certainly true in Peru. There was a lot of poverty and unemployment; there were huge areas in the big cities, Lima especially, of poor people living in shacks and barrios. As in most Latin American countries, the gap between rich and poor was huge and seemingly unbridgeable. The prevailing political and economic discussions centered around the basic issue of what economic model was best – democratic capitalism, viewed as exploitative and benefiting only the rich, or government-dominated socialism, which had never delivered what it promised and still left people poor and exploited. Downtown Lima was actually dangerous to move around in because of street theft and similar hazards and it was also dirty. You had those marvelous old colonial buildings and squares, and the place was so rundown you had to be very careful going there. So the huge disparities between rich and poor that exist in most Latin American countries were very much in evidence in Peru.

Q: Was there a significant Indian population?

LENDERKING: Oh, yes. Peru and Bolivia were at one time all one country and basically they are overwhelmingly Indian – not descendants of the Incas but descendants of those who were ruled by the Incas, who also ran an authoritarian system with themselves at the top, but which also managed to produce some glorious structures and a dynamic culture, both of which were not among the achievements of modern Peruvian governments. So in countries like Peru and Bolivia, once ruled by the Incas, and Mexico, once ruled by the Aztecs and other Indian cultures, Indians or Mestizos – mixed -- were the vast majority of the people.

Q: Who was the ambassador when you arrived?

LENDERKING: The ambassador when we arrived was Harry Shlaudeman, a very savvy and experienced senior career diplomat. Unfortunately, he was there only for a few weeks after we arrived and he was a very competent ambassador. He was not the easiest person to talk to – he was said to have only two serious interests in life, diplomacy and golf, but he was universally respected. You would get in the elevator with him and he would maybe nod at you and you would think well, what can I say until the elevator gets to my floor so I am not just standing there. He didn't welcome small talk, but there was nothing unpleasant about him, he just had no interest in the kind of small talk people indulge in when meeting by chance in the course of business. But he was a very decent man and a successful ambassador. When he left to take up his next ambassadorship, in Argentina, I had been there only about three weeks -- we all went out in the Embassy courtyard for a farewell and when it was time for him to say a few words, he was characteristically laconic, thanking the staff briefly for their good work, and then, concluding, "as far as my time here as your ambassador, you could have done worse."

Q: Who took his place?

LENDERKING: His successor was Ed Corr, who had been a special assistant to the ambassador in Thailand years ago, years before I was there. Remember, we had a Democratic administration in Washington and promoting democratic governance around the world was very high on the agenda. Ed Corr was a very dynamic guy and an energetic ambassador who was very amenable to a policy of promoting democratic reforms in Peru. He was tireless, very outgoing, spoke good Spanish. Overnight he became very popular with the Peruvians.

Q: How did you see your job? What was going on with the USIA agenda?

LENDERKING: We had a number of challenges based on the old left-right divide. On the press side there were friendlies, people suspicious of us, and outright enemies. In the latter category were people who were aligned with those who opposed to everything we said or did, who were strongly anti-imperialist, anti-Yankee critics, and they existed in the press, as columnists, editors and working journalists, and they were especially strong in most of the universities, which were havens for the radical or revolutionary Marxist left. The main university, San Marcos, the oldest university in the Americas, was really controlled by militant Marxists, who saw their natural allies as Fidel Castro, the revolutionary government in Algeria, China under Mao, and similar regimes. It was physically dangerous to go on the campus, even just to make a courtesy call on the Rector. In fact, I don't think any American officer of the embassy had been on that campus in many years because it was real risk. We had a fearless cultural attaché, Carol Meirs, who broke the ice and inch by inch made it possible to establish at least our ability to visit radical universities for intellectual dialogue on some of the ideological conflicts of our time, as well as to discuss the practicalities of such time-honored programs as the Fulbright Program and other cultural exchanges. Carol was an excellent CAO, and I felt USIA in Washington didn't show proper appreciation for her achievements and the way she established decent contacts with our severest critics, plus those who were moderate but were cowed by the militants. This wasn't an easy task around the world in those days, but it was central to USIA's work: not just to circle the wagons with our conservative, establishment friends, but to reach out to our critics and even our enemies to see if we could establish an ongoing intellectual dialogue. Now there were also a number of private universities that were quite good, academically superior to the national

universities which were a disgrace in academic terms, and various think tanks and institutions that were important and with which we could develop good working relationships and contacts. I felt it was my responsibility to take the lead in this work, and indeed it was, and I was pleased to establish fruitful contacts with a few people in the academic, journalistic, and political spheres with whom the Embassy should have been in touch years ago, but, as in Italy, some of the people who came before us didn't have the wit or the gumption to do it. Anyway, Carol Meirs opened up a lot of new contacts for us in academic circles, and improved the quality of people we were selecting for International Visitor grants and other exchange programs.

Q: Well, I'm not sure when the Shining Path got established but this group actually came out of the universities, right?

LENDERKING: That's right, the Sendero Luminoso, or Shining Path. At least the head of it was a university person and all of that started while we were there. The first inkling that something strange was happening was one night dogs were hung from lampposts in the city, and we wondered well, is this a prank or is this some sort of political symbolism? And that was the first of it, and then it got worse, escalating into bombs being planted and then power outages in Lima. They had the act of blowing up and toppling electrical power towers down to a science. I guess it's easy enough to do, given a rudimentary understanding of explosives and electricity (which I, incidentally, do not have) and that became a real threat in fairly short order. We were having frequent power outages that would sometimes last for several days; crews would repair them and Sendero would blow them up again. There was a machine gun attack on the embassy. They threw grenades over the wall at the ambassador's residence. Parts of the countryside became no longer safe, so it wasn't just a group of university radicals. As soon became clear, they were revolutionary extremists of the Maoist or Khmer Rouge variety, executing poor farmers in the countryside who took their produce to market because in Sendero's view they were abetting the evil capitalist system. There were some gruesome massacres, one of which Mario Vargas Llosa, the great Peruvian novelist, wrote about in dramatic detail. The one that got the most attention was a massacre of twelve journalists who went into the countryside to cover the rise of Sendero, and were captured and executed. I knew one of them slightly, a nice guy, a young aspiring journalist from a poor family, as most of the journalists tended to be, and it was a shock to see that the Senderistas would kill a guy like that, with not a moment's hesitation or compassion.

Q: While we are talking about the universities, I am thinking about someone who was in Venezuela, earlier on, and he said you couldn't go to the national university, and in his opinion, there was not a lot of education taking place there. However, there were the Catholic universities and others where you went if you were wealthy enough to pay the tuition, still cheap by U.S. standards but a lot more than the really poor could pay, and wanted to get an education. Was this the situation in Peru?

LENDERKING: Yes, and the same situation prevails throughout Latin America. It is a shortcoming of historic proportions and immense consequences, and it is a reflection of the failure of the political class of most Latin American countries to come to grips with their own history and culture, and the imperatives of building modern societies not driven by outmoded ideologies but by practical necessities. I'm not saying it's easy; I'm saying almost all Latin American countries have failed to do it, with tragic consequences for themselves and others,

including us. And of course, our hands are far from clean on the subject of relations with Latin America, but that is a long and complicated subject beyond the scope of our discussion.

But, back to Peru. It was easy to say okay, we will deal with the Catholic and the private universities because a lot of the faculty are American educated or they are sympathetic to developmental capitalism and so forth and you can have good programs and the students are good, and many of them will become the business and political elite and so they are very important. But it was essential not to forget that there were also intelligent and important people at San Marcos, the national university, and some of them were amenable to contacts and exchanging ideas with us. We should have been trying to reach out to these people and that is what we started to do. It's ironic, but some of the more prominent academics –of course most of them were leftists of varying stripes -- had excellent contacts with academics and intellectuals in the U.S., but the American Embassy in Lima didn't know who they were, what they believed, and whether they might be amenable to contacts and dialogue.

I should explain a bit here, since this theme surfaced again and again in my career, from my earliest days in Havana. I soon came to realize that most of our critics were on the left, ranging from committed, doctrinaire Communists to critics who basically yearned for a democratic, just society and were willing to work for it if they only had a chance. Among the former group were America haters who had closed minds, emotionally wedded to doctrinaire ideologies and simplistic notions of what was wrong with the world. I learned to write those people off – they were immune to constructive dialogue, they would never change their minds, and it was a waste of time to try to reach out to them. But among the latter there were people who criticized us vehemently but down deep admired the U.S., liked Americans on a personal level, and hoped for a day when we would do more to encourage democracy in Latin America, rather than merely support our dictatorial friends, who were generally anti-communist, dictatorial, and ironically enough, anti-capitalist, in that they favored strong central governments, protected markets, and anti-entrepreneurial controls.

Q: How about the press -- the whole media business, TV, press, radio?

LENDERKING: There was a weekly magazine of news and political commentary and culture called "Caretas" and the editor and owner of that magazine – it was family controlled and it was excellent by any standard -- had been in exile during the years of leftist military dictatorship. He himself was a liberal in favor of democratic reforms, and the magazine's political point of view was probably close to what you might find in today's New Yorker, or New Republic, or the New York Times. In other words, basically centrist, slightly center-left, pro-democrat with a small "d." When Belaunde was elected, he (Enrique Zileri was his name) returned to Peru and got his magazine going again. One of the first things I did when I arrived was to go around and call on the editors and the owners of all of the major media and opinion leaders, and this was standard procedure, anywhere. And they were substantial figures, important people in Peruvian society, movers and shakers. So in terms of their station they were quite a bit above me; I did not have the same kind of stature that they did but they were respectful toward a senior representative of a friendly country. Occasionally we had disputes with them and I would go to them and they would at least hear me out before ignoring whatever I was requesting.

Q. The Reagan Administration had come in and Reagan was quite a change from Carter.

LENDERKING: Quite so.

Q: And Reagan early on I think made a trip to Latin America and came back and was quoted as saying, these countries are really quite different. How was the early Reagan Administration viewed from Peru?

LENDERKING: I think there was apprehension that the Republicans were back in power, that they were allied to corporate interests that historically are suspect in Latin America, and I think some of the early signals coming out of Washington were not well received in Peru. Our ambassador, Ed Corr, was very popular and in fact had personally negotiated a stand-down when it looked like Peru and Ecuador were going to go to war. I was close enough to him so I could watch what he was doing over a period of several days when he was tireless in working both sides to try and get them to back off so this flare-up, a perennial occurrence in a long-standing dispute, would not escalate into a full war. So how effective he was had a direct bearing on how much the Peruvians appreciated him; he was an effective representative of the U.S. and of our interests, and at the same time a very popular ambassador with the Peruvians. And as soon as Reagan came in another career diplomat who was close to the Republicans started undermining him with the White House and eventually succeeded in having Ed Corr replaced, although he had not been there as ambassador all that long and this other man, Frank Ortiz, came as ambassador and things totally changed under him.

Q: Describe what you know about the role of Frank Ortiz, both in Washington and then when he came to be ambassador.

LENDERKING: I am going to say some things that are critical of Ambassador Ortiz, for the sake of the historical record. He died a few years ago and never had a chance to rebut what I am about to say. But he was the kind of person who would not have thought twice about going behind someone's back to slime him or her, if it was in his interest to do so. Anyway, I'll try to keep personal remarks to a minimum, but the kind of person he was also affected his performance as ambassador, so that's relevant too.

He wanted this job very badly. He had been ambassador to several other countries, I think most recently Guatemala, but before that in Barbados, maybe some other small country. He was critical of the Carter initiatives in human rights and the diplomats who had been active in Central America and had tried to do something in countries where there were severe human rights problems, caused by the way dictatorships that were friendly to the U.S. treated their own people.

Frank Ortiz worked very hard to ingratiate himself with the White House, saying for example that pushing for human rights in countries where they were blatantly violated was a wrong policy and that if he were an ambassador he would faithfully carry out the Reagan policies and back away from some of these policies that he thought were mistaken. So he was successful in currying favor with the White House and persuading them that he was a Latin American expert and a conservative loyalist. But what he was really successful at was pushing his own ambitions.

Some of us were outraged when he came. Ed Corr was a very successful and popular ambassador, and although he was no troglodyte, as a career ambassador he could be counted on to faithfully support the policies of the administration in power. So, replacing him well before he might have been expected to move on was, in effect, a blatant example of politicizing our Foreign Service. It's nothing new, mind you, but generally it's not a good or healthy thing for our country. I'm well aware, of course, that an ambassador is the President's personal representative and that all ambassadors serve at the pleasure of the President, but politicizing the process by filling posts with political loyalists is, in the long run, against our own interests.

As for Frank Ortiz, I don't like speaking ill of him, but he was such a prime example of a bad ambassador that I think his case in instructive. I will quote a friend who was also an ambassador and a career foreign service officer, and who knew Ortiz quite well. He said Frank Ortiz was the only Foreign Service officer he had ever met about whom it could be said that after 35 years of service he had not a single friend. Ortiz was not a pleasant person, but he was wily. He had his own personal agenda, which was the furthering of Frank Ortiz. I think he was intellectually dishonest and a coward and still I tried to do what I could as a Foreign Service person to give him support and do the best job I could.

Here are some examples: he was not friendly, to say the least, to the Fulbright program. He once said publicly, "I don't know why we have a Fulbright program; all it does is give grants to Marxists." That was nonsense. He was also a masterful backbiter. He was tough on me, cordial on the surface but saying nasty and untrue things behind my back, but he was much tougher on some other embassy officers, most of whom were working hard and doing really good jobs. If there was a pattern, he was toughest on fellow Hispanics whom he regarded as social inferiors. He himself claimed direct descent from Spanish grandees who settled New Mexico. He played that card whenever it suited him, and he was able to bamboozle a lot of people with that kind of approach, whether his claims of ancestral distinction were true or not.

Now here is a huge irony: early on the White House chief of personnel, Helene Von Damm -- I think that was her title, but in any case she had been Reagan's secretary early on and she was now a high ranking assistant and a real power in the White House -- came to Peru on a visit and Frank Ortiz had gone out of his way to welcome her and her assistant because she was so influential and had Reagan's ear. At that point I had been involved rather peripherally with AFSA (the American Foreign Service Association, the professional association of the Foreign Service, which also functions somewhat as a labor union) in campaigning against the proliferation of political appointees as ambassadors instead of career officers. I believed with AFSA that the basic criteria should be professional experience, expertise, and competence, and not political loyalty. And I had been outspoken in a few situations where I said we should not have so many political appointees. So Helene Von Damm comes down and she turns out to be just a very savvy lady and of course totally political. Frank Ortiz duly called the Country Team (office directors) together to meet with her and we sat around the table and talked about issues and problems, and the issue of political appointees came up. At this point it was so clear to all of us Helene von Damm was so much more a savvy and congenial person than our career ambassador that I really couldn't say anything and didn't want to. She was very impressive. All the other office directors said after the meeting that it would be great to have Helene Von Damm

as ambassador rather than Frank Ortiz. So the issue wasn't strictly political appointees – it was competence. Later on my wife and I got to know her and her assistant a little bit personally, and they were both real professionals, smart, quick studies, friendly and good company and certainly not fooled by the likes of Frank Ortiz. Later on, Helene went to Austria as Reagan's ambassador and I was quite pleased. I lost track of her after that, but she seemed to me at the time as the kind of political appointee no one could take justified exception to.

Q: I think we've always had this schizophrenia over career Foreign Service officers, knowing some really top rank political ambassadors who can often call upon their political knowledge and their political connections to get things done where a career person could not. We have all had examples of the good and the bad. You know, somebody who was a good political supporter of an obscure senator doesn't bring anything to the table but somebody who is both savvy and with damn good political connections going up to the White House can really accomplish something.

How did you find working with Ortiz? This must have been difficult because in a way you were the, among other things, the public relations person for the ambassador.

LENDERKING: It was painful because his tactic was to needle people and belittle them, sometimes publicly, and he was always needling USIA and anyone that was in his line of fire at the time for not doing enough to support our initiatives, to deal with our enemies and that sort of thing. If someone wrote a critical editorial in a leading newspaper, which of course happens all the time all over the world, Ortiz would imply that it was our fault and we weren't doing our job. When we had a good case, or someone's facts were wrong, I had no problem calling on the managing editor to try and correct the record. I didn't do it often, because you can quickly wear out your welcome, but I always got a respectful hearing. Admittedly, I can't recall formal retractions, although a newspaper would sometimes print our comment as a "clarification," because editorials and articles by political columnists were opinion pieces and we were entitled to disagree without impugning the integrity of the writer.

Q: He came from an old New Mexican family who were here before the founding of the United States, isn't that correct?

LENDERKING: So I believe. If this information is correct, of course he had every right to be proud of his forebears, but in my opinion he overdid it in order to puff himself up. I mentioned that the people he seemed to be hardest on in the Embassy were Hispanic. We had a Naval attaché whose name was Martinez; he was a great guy and a very effective Naval attaché, and Ortiz was always on his back about some imagined problem. We all thought that the basis for it was Ortiz's tendency to look down on those he thought were his inferiors.

Q: He probably came from peasant stock, you know.

LENDERKING: He may well have. Anyway, I'll give you an example of how Ortiz operated. It's typical. On this one occasion, I'd worked very hard to cultivate a TV executive who was a producer of the most popular interview program on TV, a half-hour program something like "Meet the Press." It was a real coup to get him to invite Ambassador Ortiz on the program. The

producer also promised me that he would give me an advance look at the questions the panelists were going to ask. So, I could go to Ortiz and say look, this is what you are going to be asked on this program; you can prepare your answers and practice them, we can whip up a draft for you. It's a golden opportunity, and we don't get these very often. Well, Ortiz turned him down, even though his Spanish was fluent. Why? Because he was afraid he'd say something wrong and people would criticize him or make fun of him. He had a great fear of ridicule. A leading cartoonist did a cartoon lampooning Ortiz when he first arrived – it wasn't cruel but it wasn't flattering, either – and Ortiz was deeply wounded. He kept referring to it for months afterwards, and would often respond when I suggested some new initiative, "Well, we don't want to get anyone mad at us." In fact, Peruvian opinion leaders – government, media, academic, intellectuals – were mad as hell at us as a matter of course, which was generally the case throughout Latin America at the time. And that is why I say he was a coward, because he was always demeaning us for not combating anti-American feelings effectively, but when I offered him a chance to do something really effective for the cause as the American Ambassador, he punted.

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LENDERKING: On another occasion, I went with the ambassador to call on the Maryknollers, an American Catholic order. This was a time of liberation theology in Latin America and one of the founders of liberation theology was Peruvian. The Maryknollers were a convivial group but their politics were definitely left of center and they were very critical of U.S. policy and Ortiz just passed up one opportunity after another to talk to them. These were Americans, you could let your hair down, roll up your sleeves and have a real discussion, off the record. I liked them personally, but disagreed with their politics, and thought that, despite many historical mistakes in our Latin American policies we also had a record we could defend and achievements we could be proud of. So I was hoping there would be a substantive discussion, but we just sat around the table and Ortiz avoided one substantive thing after another. He refused to engage with them, so all we had was platitudes. There were also problems in his personal life but I don't want to get into that. He simply was not a pleasant man, and more important, he was not an effective representative of the United States.

Here's another example. Remember William French Smith, the attorney general?

Q: Yes.

LENDERKING: Well he was a very elegant and gracious gentleman and he came down for a visit of four days or so and stayed at the residence. But after about a day he moved out and went to a hotel. What we heard was that he couldn't stand Ortiz, who had a habit of leaving notes in the refrigerator saying please don't touch this – things like that. Early in his career, I learned from several FSOs who were there at the time, Ortiz was a young staff assistant to Ambassador Robert Hill in Mexico. He used to snoop around and inspect the garbage of his colleagues, count the number of liquor bottles and report to the Ambassador. He also reported any "improprieties" he could uncover, whether for example an embassy employee was sleeping with someone not his wife, or whatever. In other words, he was a snitch.

Q: Okay. Let's look at Pinochet in Chile; here you had a democracy reviving in Peru and Pinochet was in high power in Chile. How did that set?

LENDERKING: This was a time when there were things coming out about our role in the overthrow of Allende and our ambassador in Chile – I think it was Nat Davis -- was very active in trying to refute some of the charges coming out. And basically I was trying to refute charges that could not be substantiated. We spent a fair bit of time trying to rebut factual errors about our involvement. Of course, as you know, our behavior in the matter of the overthrow of Allende, the freely elected president of a sovereign and friendly country, was considered by many to be reprehensible, and that belief is widespread to this day. That doesn't mean that we were guilty of all the wild charges that were being thrown at us. My personal view is that our acquiescence in the overthrow of Allende, whether or not our role was as actor, or supporter or as encourager was deplorable. I think we could have worked with him. He was no Castro.

Q: Did our involvement in Central America, the Sandinistas and things in El Salvador, cause much of a stir in Peru?

LENDERKING: Central America tended to be regarded as a little distant from Peru's problems. There were so many local problems, domestic problems. Maybe I'm unsure of the timelines but I don't recall the Sandinista issue as being terribly overwhelming at that time. Argentina and its authoritarian government were a big issue. Many influential Peruvians have close ties to Argentina, and it's always been a favorite place of exile for Peruvians out of favor with their own government. And then we had the Falkland Islands, the Malvinas; that took place on Ortiz's watch, when the Brits mounted an expeditionary force and took back the Islands.

Q: How did that go? I assume that Peru strongly supported Argentina?

LENDERKING: Absolutely. I could hardly find anyone who supported the Brit case or the Brit position, which of course we did. I happened to be on a trek up in the mountains with my wife when that broke and I had a little short wave radio and we would listen to it and all the Peruvian porters would gather round, and they would cheer loudly when there was news of the Brits having a problem of some sort. They were all 100 percent for Argentina. But they took our support for the Brits with good grace and we got along well.

Q: When you got back to Lima, how did that go? We tried to play the honest broker and we ended up coming down rather firmly on the British side.

LENDERKING: Once the battle was over and the Brits had won so decisively, the controversy died down quickly and there was not a lot of residual resentment against us. Shortly before this, Jeane Kirkpatrick had visited – she made two trips, actually. For the first one she came as a visiting scholar invited by USIA and we had just arrived in Lima a day or two before. We invited her and her husband, a delightful man, to dinner and they had just come from Argentina, about which Ms. Kirkpatrick claimed some expertise. We spent the whole evening arguing about her famous article that had just appeared, "Dictatorships and Double Standards," which brought her smartly to the attention of the incoming Reagan administration and was instrumental in landing her the job as US Ambassador to the UN. In the article she claimed that right wing dictatorship

that we supported could always change over time, but Communist regimes were totalitarian and immutable. Please remember, disputing that false notion was part of why I got kicked out of Italy, and here we were, seven years later, arguing some of the same points. I criticized her article on several points – I had read it very carefully -- and we had a very lively discussion over dinner. As you recall, Ms Kirkpatrick was no shrinking violet and she didn't give an inch. At the end, we parted amicably but I think she made a mental note that Ed Corr and I, and perhaps others in the Embassy, with our talk about promoting democracy and supporting those in Latin America who were true democrats, were not as hard-line anti-Communist as she would have liked.

Now, she had just come from Argentina and I said well, what do you think of the Argentine government? And she said "Oh, I think the admirals are just a little bit misunderstood." Now mind you, this is a government that had taken over the Falklands and had perpetrated some of the worst human rights abuses – remember the 'desaparecidos'? the 'disappeared ones'? in the history of Latin America. So in my view Ms. Kirkpatrick, much as I admired her for her gutsy understanding during the Cold War that Communism presented a real threat and wasn't an invention, and those who thought as she did, had a real blind spot about oppressive, dictatorial regimes. And they failed to understand that acquiescing in their brutality, or even supporting it, went against our long term interests.

Q: Disappearances.

LENDERKING: The disappearances. And for someone like Jeane Kirkpatrick, who I always regarded as a sensible anti-communist and not some rabid polemicist, to say something like that -- well, I thought she was way off base, to put it mildly.

A few months later, she had been made ambassador to the UN, and she returned to Peru with all the trappings of her high office, with her own government airplane. She didn't have to depend on USIA and some arranged speaking arrangements, she was now a personage. She was treated as an honored embassy guest and a VIP by the Peruvian Government. She seemed a bit suspicious of Ed Corr and of me as well, because she remembered our conversation and referred to it. So anyway, this little vignette maybe sheds some light on the dispute over human rights policy that began with the Carter Administration and roiled the body politic for a time. And the Falkland Islands battle later on soured our relations with Argentina for a while, because there was no doubt whose side we were on.

Q: How did we view the military in Peru?

LENDERKING: The military was still dominated by leftists and they favored keeping us at a distance. Of course, we had to continue the work of building close relations with the military forces, but they were very standoffish, and it was not easy to deal with them. Our military attachés had a tough row. And we wanted to get the military-to-military cooperation restored and I just don't recall the specifics of that time but there was always an issue.

Q: Did President Fujimori cross your radar at all at this time?

LENDERKING: Yes. I don't remember when he came in but certainly-

Q: I mean, was he a figure and I was wondering whether you, you know, because of your Japanese experience, got involved with the Japanese community in Peru?

LENDERKING: I got involved with some of the artists who were Japanese, Peruvian-Japanese. Otherwise not. They were not very prominent in leadership circles in Lima. The embassy put on a huge and very impressive show of Peruvian contemporary art every year to raise money for charity, and it was always a showcase event. Susan, my wife, put it together one year -- working with all the artists, arranging for their works to be exhibited, setting up handling the money, and all the rest of it, and we got all the top artists to exhibit and raised a lot of money for charity that way. But I never met Fujimori. Certainly in the beginning he was quite impressive, and he organized the fight against Sendero Luminoso and began to get results. Some Peruvian journalist friends who knew him told me some stories later on that he seemed very level-headed at first but went off the tracks with megalomania.

PAUL E. WHITE
Office of Education, Health and Nutrition, USAID
Lima (1981-1982)

Mr. White was born and raised in Indiana. He received his education at Sacramento State College, Valparaiso University and the East-West Center in Hawaii. He joined USAID in 1970. During his career with that Agency, Mr. White served in Vientiane, Seoul, Phnom Penh, Panama City, Lima, Guatemala City, Tokyo and Mexico City. He also had tours of duty at USAID Headquarters in Washington. Mr. White was interviewed by Charles Stuart Kennedy in 2006.

Q: Paul, in 1981 you were off to Peru. What was your job?

WHITE: In Peru I was the deputy chief of an office that dealt with health, education, nutrition and primarily I worked in education. I had a preschool education project in Cuzco and Puno. I had a technical education project in several places, Chiclayo, Trujillo and I worked a bit also in the nutrition area.

Q: In 1981, what was the political situation in Peru?

WHITE: It was…the Sendero Luminoso was just starting to really get moving. When I went out to Cuzco and Puno to work in the schools, I would go into the schools and on the blackboard was stuff the Sendero had been doing the night before with the community. The teachers would always run up and erase everything off the board. So they were starting to form out in the hinterlands and they were tossing a grenade over the ambassador's wall in Lima and blowing up power lines and doing small things like that to get attention. When we got there it was right at the, the military government had ended and it was the beginning of the Belaúnde democracy (May 1980) and a terrible time. The military had devastated Peru.

Q: How had the military done that?

WHITE: Well I think they had just through bad practices they had essentially shut down the economy. So things were really bad. When we first got there there was a prohibition, you couldn't buy meat in the market, for instance, 15 days a month. You could only buy fish or chicken and the chicken had been fed on fishmeal, so everything you bought tasted like fish. It was just, the economy was really run down.

Q: You were in the health, education department. How did the bureaucrats respond? Did they talk to you about how the government had been?

WHITE: Not a lot. There's a new crew in, eager to do things better, rather than looking back at the past. And we did something in AID that was rather unique for AID, and that is, we negotiated our agreements with the state governments and regional entities rather than with Lima. So we didn't get tied up in the bureaucracy in Lima. So in the preschool education project there were direct agreements with the state governments of Cuzco and Puno. We had an educational planning project that was also out in that area and they were all decentralized projects and not many times that AID has tried that. It was quite successful because you get down to the level where people want to make a difference and they can see what they're doing, as opposed to the people in the capital city.

Q: Could you describe the government's approach to education. Was it highly centralized, every teacher was on the same page at the same hour, was it of that nature?

WHITE: Somewhat like that and the whole idea of decentralized planning was to move away from the kind of state controlled planning where the set the same curriculum for the Indian areas in Cuzco and Puno that they set for the Latino areas. The whole idea was to try to bring about some variation in the curriculum to reflect local needs. And it was reasonably successful but that's always a hard thing to do.

Q: This was your first time in that sort of area. How did you find the Indian population? Had they been overlooked or was there a cultural attitude towards education? What did you find?

WHITE: It was hard with the Indian population. You looked at Machu Picchu and you looked at the canals and all of the tremendous public works that had been done at some point in the past and then you look at these people who were out there who look like they couldn't build an outhouse and you wondered what happened. And there was never an answer for that. But, yeah, what you found is a people who had been marginalized, who were not that interested in education. They didn't have education as a burning theme, let our kids get an education so they could get ahead. They were living off the land, just barely surviving and with not a lot of ambition to have things change. So change was being forced from the top down rather than the bottom up, which doesn't work very well.

Q: Were you trying, you, was our program but specifically you, trying to break this … attitude?

WHITE:. I think the idea behind the decentralized educational planning was if you could make the education relevant for the area that you were teaching in, you could people more interested. So you're not teaching about the Moors in Spain but you're teaching about how to do better agriculture in the Cuzco valley, then not only the kids but the parents would see a benefit in that. So that was the broad scheme, to make education more relevant, therefore getting people to show more interest. But the problem is that's a long road and when you're dealing with AID projects that were three to five years in those days, it's hard to show results.

Q: You're fairly new to AID at this point.

WHITE: Well, I was not new to AID. I'd been with AID for quite a while. But I had been in Southeast Asia, not doing this kind of AID work. I'd been working with refugees and more political stuff.

Q: How did you find the AID with Latin American characteristics?

WHITE: Well, interesting, because when you looked at AID in those days, the Latin American bureau was touted as being the best of all the bureaus in terms of designing projects, in terms of speaking Spanish and understanding local customs and fitting the programs to the needs. So I can talk at several levels. At the mission level, out in Peru, I found a group of people who did speak the language, most of whom had Latina wives so they knew the language and the culture and were very dedicated. As you moved up the ladder and you got to Washington, you also found in the Latin America bureau people who had come out of the field and therefore understood it well. So I think that set Latin America apart from Asia or Africa, where you had lots of different languages, lots of different cultures and the kind of bureaucracy in Washington was formed from people and not really understanding the area. So Latin America had a natural advantage. So that was good. You really did feel that you were working in the elite bureau in AID and that what we were doing tended to make a difference.

The problem was always the kind of social unrest and upheaval in many of the countries and you would move ahead and then get set back again for various reasons. In Peru it was not quite so bad as a place like Bolivia. But even in Peru you would move forward a couple of steps and then you would have either the Sendero or you had some reason why everything just kind of stopped for six months. You couldn't get in the area for work or other reasons. It's my sense that development happens when you have a long period that you can work with and when you have stops and starts things don't happen, because people forget very fast.

Q: Well did you find Peru had sort of the traditional difference between the Indian population and the Spanish descent population? Was that pretty apparent or had changed?

WHITE: That hadn't changed at all. I worked with the Indian populations in Panama first and then my second place was Peru and then Guatemala, so I had a lot of activity working with the Indian populations and the Latino population in all those countries are the same: Indios y gatos, animales ingratos; "Indians and cats are ungrateful animals." And that was kind of the Latino attitude towards the Indians. And the Indian attitude towards the Latinos was that they were out to get whatever they could get. They were the tricksters and they might look like they were

trying to work with you but there was always an ulterior motive, trying to get something of yours. Which is the exact same attitude that people in Latin America had towards the United States.

Q: Well how did they feel towards you, you and the people in AID?

WHITE: Probably the same way. If you're dealing with your direct counterparts in ministries, people were a bit more sophisticated, perhaps had been educated in the West and maybe had a more open attitude. But as you got down to people in the campo, in the field, there was always this sense of maybe mistrust. There's always a sense that there's something else behind whatever you were doing, rather than just the goodness of your heart.

Q: How about, the educational programs, kids going to school. Did they quite early and did they pay much attention to their work or…

WHITE: The problem was not so much the kids as the teachers. The teachers weren't very well prepared. So one of the things we were doing was working with teachers, trying to train them to work better. But as a result of that, having poor teachers, poor facilities and also having all of the pressure of an agricultural society and the work cycle, kids tended to drop out very early. Usually what happened is that girls dropped out first, after the second grade or so, third grade. By the fourth grade the boys were dropping out to work in the farm in rural areas. And also there are not very many schools out there, so once you got to the third grade or so then you're talking about going to a nearby town and spending all week in a boarding facility of some kind, which was pretty miserable. So everything was against the most rural populations in terms of getting a good education. So when you had someone that came out of that area and they were able to get a good education, they had really fought for it.

Q: Prior to that, were there opportunities for Indians who were achievers to move into or did things sort of stop them from going anywhere?

WHITE: There were very few opportunities, certainly before the mid-Eighties. Where there were opportunities it was usually in a small religious school, either in a Catholic school or even Protestant schools, but, yeah, in the public system there was little opportunity. I think we will talk about this again when we get to my assignment in Washington where we were trying to make up opportunities for social and economically disadvantaged people. But even in those days in AID, while we were trying to work with the poorest of the poor our programs weren't designed to do that. So our scholarship programs were similar to the USIA (U.S. Information Agency) programs, the Fulbright Programs, for the elite, sending people off for masters and PhDs, rather than working with people at lower stages.

Q: It sounds like the teachers were the key. Did you get very far with the teachers? Who were they?

WHITE: Well, there were some teachers who'd come out of the rural areas but for the most part they were urban teachers who were assigned a one or two or three year stint somewhere out in a rural village, even though they came from Lima. So that was difficult for the teachers and

difficult for the students as well. We certainly worked hard with teacher training, but that's a tough area and teachers are unionized everywhere and they're stubborn and resistant to change and they want to teach exactly what they learned. And the idea, for instance, of decentralized educational planning and going and working with a local team to develop a curriculum responsive to the needs of an area was pretty alien to most of the teachers. They were comfortable looking at their notes and teaching what they had been taught. So none of that is easy. And what you do in a situation like that is you try and find a few champions that you work with who really believe in what you're doing and hope that at some point they will overcome all of the resistance around them.

But what you can't do as an aid program, whether it's from the United States or any government, is you can't provide the wherewithal for those people to overcome. It's something that really has to be inside them somewhere. So you can facilitate, but you can't make it happen. You have to depend on others, so that's one of the frustrations, even when you have a team of really good people, who understand this all and are willing to make it happen. My direct counterpart was the Director General for pre-school education in Cuzco. That was a very good person who fully understood what we were trying to do and had the Ministry of Education in Lima, to the extent that she had influence, backing what we were doing. We had people in other places, like in the Ministry of Planning, there were people that understood what we were doing. Again, the problem was that they were a minority of people here and there, even though some had power, you could never get enough people aligned to really make large changes happen.

I guess that's where I've, I've long been a proponent of AID and State, all of the U.S. government agencies, working closer together than they have at times, because when you have the voice of the ambassador and the AID director and you have everybody pushing the same direction with the same interest you can get a lot more done than when you're out trying to do that on your own. I felt that over many of my assignments the embassy's got a certain set of things that they do and that occupies the ambassador's attention, the AID mission is doing another set of things and the military another set. What you have is, it hasn't come together very well in many places. The country team concept was, I don't know when it happened but that's a good concept and that helped a lot but in those early days that wasn't the case.

Frank Ortiz was the ambassador to Peru when I was there [Ed: served from November 1981 to October 1983] and I don't recall him being involved in AID affairs but again I was kind of down in the bowels of AID at that time.

Q: Well did you get out in the villages much?

WHITE: Quite a bit.

Q: Can you describe a village, what it was like when you'd get out there?

WHITE: If I went by myself it was one thing. If I went with the mission director or some other people it was more of a doggy show and tell. But when I went by myself usually what I would do is, I would be with some local officials from Cuzco, Puno or wherever and they would make contact and people knew that we were coming. We would go in, meet the village headman and

usually have a discussion with him first about why we were there, what we wanted to do and he would usually accompany us to the school or to the health clinic. If you overnighted then there was a chance to spend time with the folk, go into houses and talk to people. If you were not spending the night then usually you got escorted around by the village headman and only saw a few people. So I tried to spend nights when I could, to get a better feel for what was going on. When that happened, people were pretty open to having you come in and sit down and talk to them or have an evening meal with them, sitting on a dirt floor around a fire, I'm not talking about anything really fancy out in the rural areas and speaking pretty frankly about things, including the Sendero and what was going on politically.

Q: How was the Sendero Luminoso, how was it seen in these villages? What I gather, this was a bunch of Peruvian intellectuals coming out of extreme, almost like the Khmer Rouge type. How was this fitting in these villages?

WHITE: I think people were trying to understand what was happening and this was almost a throwback to something I probably mentioned earlier, when I was in Laos, out in villages talking to people and at one point one of the villagers said, "Why are you so interested in our culture and our language and things like that? When the communists are here they're talking about what a bright future we're going to have when we overthrow the French and the Americans and all these foreigners." It was the same there. What the Sendero was doing was out in every village having community classes at night, bringing everyone in and, as I said, using the blackboard to try to explain a new theory of government that was more of the people and encouraging them to rise up and overthrow the authorities because then there would be a better life at the end of that. So, yeah, it was very much something that again was not rising from the bottom up but, just like the AID program, people coming in with a theory of how you could have a better life and working with nothing to offer except their words. At least when we were going in we had agricultural tools and seeds and school books and we were offering a lot more, but we weren't dialoging with people. They were sitting down and dialoging with people. Big difference.

My sense is that there was a small group of people who were able to demonstrate that they could disrupt power lines and roads and cause a lot of trouble. I guess I didn't get the sense, although it would be hard for me to find this out, that they had convinced people intellectually or philosophically on anything. But they certainly were able to convince people that they could cause trouble if they wanted to cause trouble.

Q: One of the problems often has been these left wing movements come out of the universities and are heavily, sort of extreme Marxist, left wing students out of the university usually aren't brothers to the Indians. I would think that this was not a good fit?

WHITE: Yeah, I think that certainly has been a problem with those movements. It's very hard to go into those Indian villages, they're like the Thai, they will bend with the wind and they will sit and listen but it's pretty hard to convince them of things if you're not one of them. I remember once I was in an Indian village with an AID assignment to find out about women and development and what we could do for the women in that village. And you're sitting there with an Indian headman, the cacique and all of the elder men of the tribe are sitting around inside the big house and all of the women are outside, listening in the windows and you're talking about

women in development to all these men. Finally at some point a woman yelled in the window, "If you really wanna find out what our life is like here, just come and live here for several years and you'll understand it." But just the scene of all these men sitting there and us talking about women and development is kind of the way things are, because if you're an outsider coming in, you're always an outsider, on both sides, from the left or from the right.

Q: How about the Catholic Church, or the Protestant Church? Did they play any particular role in Peru at that time?

WHITE: I didn't get a sense of the Protestant Church, but I did with the Catholic Church, because in technical education we worked with a group called Fay Alegría, which is one of the Catholic technical, vocational skills training groups. My sense was that the Church was in a lot of places trying to do vocational, technical education and practical things. They were strapped by not having a lot of wherewithal to do it and also by the traditional Church, which was out there saving souls and doing whatever Churches do, rather than do education and nutrition. That was kind of a secondary interest of many in the Church. So these guys that were trying to do more on the practical side I thought were fighting an uphill battle within their own Church and also struggling to find the wherewithal to do more.

Q: Did you find that you, in education or in any programs, were going head to head with the church or were you on the same side?

WHITE: I think in Peru probably I didn't see that as much as I did earlier when I was in Panama. When I was in Panama we were, we decided in all of our wisdom to develop a Central America book program. The schoolbooks were atrocious everywhere, everybody spoke Spanish so why not work out of Mexico and develop primary school books for the whole region? And there we came into direct clash not only with the teachers but with the church. The church was also very satisfied with the traditional education system. Those were battles that you couldn't win, so even though AID produced teams with representatives of all of the countries, so all of the kind of things that were important got built into the books, those books never saw the light of day. They sat in warehouses 'til they rotted away, in all of the countries. That was essentially the teachers and the church aligned against any innovation there.

Q: Did the military play a role in Peru? Some militaries spend an awful lot of time putting their people out and doing rural development of one kind or another. How about the Peruvian military?

WHITE: The Peruvian military was working in areas that I didn't work in. So they were out in some places doing, building roads and doing those kinds of things as exercises, probably largely in areas such as Pichis or Palcazu, which is the area where a lot of drugs are produced. So you wonder, in the end, if they were doing it for community development or for other reasons. But they were working in those drug areas. They were also working in the Amazon area, where there's a lot of gold and everything and they were doing those kinds of exercises. That was at a time when I think AID was very suspicious of those kinds of programs. There's always been a dialogue within AID about whether we should align ourselves or use the military when we're trying to build farm to market roads in difficult areas, whether we should form an alliance with

either our own military or domestic military. And AID has been generally against that, although I noted in recent years that has changed. But even in those days there was that dialogue and we stayed rather far apart from the military.

Q: Was the teachers' union sort of a nut you couldn't crack?

WHITE: Yeah, I think it was a nut that we didn't try very hard to crack because we knew we couldn't. They're just too large, too powerful. Yeah, so we really didn't try. We were doing innovative things. We were trying to introduce automation. Not computers, in those days. I'm trying to think of what the term was. For instance, we were trying to introduce microfiche into the system as a way to automate a bit. Some of those things the teachers' union had no problems with. We were also, in Peru, setting up a satellite system to introduce master teachers, so that a master teacher in Lima, Peru could get on the satellite and talk to teachers in Tarapoto in the jungle and either help teach classes or to teach the teachers. Again, we didn't encounter any resistance on that kind of innovation. But when you get down to the really basic teacher training curriculum development, that's where there's a pretty difficult line to follow and if you stray off of it you knew it right away. So, yeah, we were trying to work in teacher training and curriculum development and usually it didn't rise to a point of us having a confrontation because our counterparts that we're working with would, if we were trying to push something that wouldn't fly, the battle would be between us and our counterparts. It was really hard because AID has a reputation for bringing in outside experts and developing something and putting it on the table for people to follow. That's generally not how we work. Generally we work with local counterparts. Even if we bring in a technical expert they have a local counterpart. And that's where we were kept in line and they'd just say, "You can't do that. There's no use struggling with it." And for the most part we didn't do the things that seemed to be too difficult.

Q: Were there Indian teachers, many?

WHITE: Not many. Most of them were from metropolitan Peru and they're doing a two or three year station out in the Indian area before they got a good assignment.

Q: Was this done with good will or not particularly good will?

WHITE: I think it was done with good intentions but it was just really difficult. So you would find teachers that got out and after a few weeks they just couldn't take any more so they would go back to Lima on Saturday, Sunday and Monday, and Tuesday they would start back to their school and they'd get there on Wednesday and teach Wednesday and Thursday and then leave and go back to Lima. So you got partial teaching.

Q: How about the universities? Were they doing anything about trying to reach out to the Indian population?

WHITE: They may have. In those days the universities were all extremely leftist and Americans could barely walk on campus. So other than a couple of small private or Catholic universities that we could work with, that was it. We couldn't work with the large public university. My sense was and this is just a guess, that they were very ideological. They had a lot of things to say

but they weren't doing much.

Q: How did you view what you were doing in the time you were there? What would you point to as a success?

WHITE: I guess I viewed it differently then than I view it now. When I was there I guess I thought that we were really making inroads, that the kind of things we were doing were all going to stick because the counterparts were enthusiastic and when you went out you'd see teachers using what you were trying to promote. But as you look back on it in hindsight, as long as the program money was flowing then everybody was staying in line doing things. The real acid test was when the money stops flowing does the program stop and in many cases it did.

Q: Given this exposure did you want to stay in Latin America after your time?

WHITE: That's a good question. I was an Asia hand, a born and bred Asia hand. I found Panama interesting because I was working with the Indians and I found Peru also interesting, although not nearly as interesting as Panama, because the Indian culture was much, much further away. In order to get to Puno and Cuzco I had to take a plane and spend several nights away from my family at a difficult time. So by the end of the assignment in Peru I was ready to say I'd done Latin America. For that reason I took my first Washington assignment. I'd never had a Washington assignment.

Q: How'd your wife find Latin society, particularly in Peru?

WHITE: Lima was tough. My mother was living with us also, so we had my wife and my mother. They were alone a lot because I traveled quite a bit. All of my projects were out in the hinterland. So I would probably be at home for a week or ten days and then be gone for a week. Neither my wife nor my mother spoke any Spanish, although they both learned market Spanish while they were in Latin America. We're not a very social family. They didn't go to embassy parties and things like that. So they felt very isolated. They were isolated enough in Peru that they did become, join the Women's Diplomatic Society and they became candy stripers and they'd done a few things just because I wasn't around. In general I think my wife was not overly comfortable in Latin America. Latin America's very different from Southeast Asia.

Q: You didn't find any similarities?

WHITE: Certainly when we went out to rural areas, when I took my wife with me, it felt like rural areas do anywhere. She felt kind of at home in the rural areas. What she didn't like was Latin society. She didn't like the kinds of artificial throwing arms around people and kissing them on the cheeks, the closeness that people stood when they talked. There are a lot of small things in Latin society that didn't fit well with her. She was happy, though, when we went out to rural areas. She always felt, especially the Indian areas, she felt that was almost like going home.

Narcotics Control, Deputy Director
Lima (1982-1984)

John Caswell was born in Massachusetts in 1947 and educated at Franklin & Marshall College and the Fletcher School at Tufts. He entered the Foreign Service in 1974. His career included posts in Rio de Janeiro, Sofia, Lisbon and Brasilia. He was interviewed by Charles Stuart Kennedy in 2000.

Q: '82 whither?

CASWELL: I went off to Lima, Peru. I had decided for a variety of reasons, some of them personal, owing to the fact that I had a Peruvian wife, to bid on a job at the American embassy in Lima that was the deputy head of the narcotics control office, and I was quickly accepted into that. I do not know how many people had actually bid on that job. I found myself on a direct transfer to Lima.

Q: You were there, I guess, from '82 to '85, weren't you?

CASWELL: Actually '82 to '84, a two-year job. The first year I was the Deputy Director, and then the Director, who was an 01 level officer, was leaving and I was considered to have done such a good job as the Deputy I got sort of a "battlefield promotion." I moved up to become the Director, and they brought in another guy the second year to be my deputy.

Q: In Peru in 1982 what was the situation there?

CASWELL: The situation essentially was that they had emerged from a military dictatorship which had ruled the country from the late '60s, and it had been a leftist military dictatorship, a leftist sort of populist dictatorship, unlike the one in Brazil. But the military had badly mismanaged the economy, and so they were coming out of a period of economic isolation and deprivation and everybody was fed up with the military and their leftist Third World posturing and their nationalizing of whatever industries Peru had and the way they disrupted the agricultural sector, all of which caused production to plummet and national income to plummet. So the Peruvian military, I guess the generals who had been running the show, all either died or went off to retirement, and the next generation said, "We've got to get ourselves out of this. It's time to turn the government back to the civilians." So they had elections just before I got there and elected Fernando Belaúnde Terry, who had been the last elected president before the coup, and had been booted out by the generals. Well, he was voted back into office, and there was still very much kind of a honeymoon atmosphere and people were feeling pretty good about themselves with the restoration of democracy. It was also a period after many years of economic stagnation where they were opening up the economy again to trade, and Peruvians managed to get some credit so they could afford some imports for the first time after many years, so this also made people feel a little bit better. But it was also a period of increasing challenges, because at the same time that people felt kind of good about Belaúnde Terry and for the first time there were new cars on the road and things were available in the shops in Lima. The Sendero Luminoso terrorist movement was seriously underway in the southern highlands, and the narcotrafficking problems were growing and were becoming more serious. People had

traditionally grown coca, which is the raw material from which cocaine is derived. It's a shrub, and the leaves are harvested from this shrub. It had been traditionally grown in the Peruvian highlands. As a matter of fact, it may have even been a native plant to Peru or the Bolivian highlands. Dating back to ancient times, the Indians would chew these leaves together with some calcium, lime-like material, and by chewing a big wad of these leaves, kind of like a chaw of chewing tobacco, they would get kind of like a mild narcotic effect from chewing these leaves. It was something that helped stave off the effects of cold, hunger, and altitude sickness and gave people energy to work long, hard days. It was a traditional sort of thing. But what happened was that the entrepreneurial narcotics traffickers in Colombia had been coming down and saying to the Peruvians, "Well, this traditional crop you guys grow, if you grow it for me, I'll pay you a premium for your crop."

I was talking about how they could use the coca leaves, and in effect the farmers were taught that you could harvest the leaves and, instead of just selling the leaf for chewing purposes, you could begin to do a little bit of elementary refining of it with kerosene and a little bit of sulfuric acid and so forth, get a precipitant which was called coca paste - really you could do this in your back yard with a bathtub or even a hole in ground in effect lined with some plastic - you could get this intermediate product which is called coca paste and would reduce the bulk and the weight of the leaves. The Colombians would fly down and buy this coca paste and then fly it back to Colombia for further refining into cocaine hydrochloride, which is found on the streets of the United States. Well, with this demand, all of a sudden a lot of farmers decided, hey, it makes a whole lot more sense to be growing cocoa leaves than it does potatoes or tomatoes or whatever else. So there was an expanding production of coca much beyond what was needed for the traditional legitimate uses, and it was beginning to result in addiction problems, crime problems, social problems in the Peruvian cities. What was happening was this coca paste wasn't all being bought up by the Colombians. Some of it was finding its way into Peruvian towns and then ultimately into Peruvian cities, and the Peruvian young people were beginning to smoke the coca paste mixed in cigarettes, tobacco cigarettes, and getting highs from this. So they were beginning to have social ramifications in Peru itself. It wasn't just a problem for the foreigners. It wasn't just a quick way to make a buck. So these two threats, if you will, the political security threat posed by Sendero Luminoso and the growing threat of the narcotics trafficking, together with the underlying weakness of the Peruvian economy were the major challenges to Peruvian society and particularly to the Peruvian administration.

Q: Could you explain what the Sendero Luminoso was and what it was doing. This is the so-called 'shining path'.

CASWELL: Right, that would be the translation to English of Sendero Luminoso. Essentially it was formed by some alienated university professors who were Marxist-Leninists who looked at Peruvian society and its domination by a small elite of European ethnic origin and said, "This is corrupt, this is rotten, this is bad for most of the Peruvians. What we need to do is create a society in Peru which is good for the majority, and to do that it needs to be a Marxist-Leninist state as opposed to a capitalist exploiting state." It harkened back a lot to mystical Indian values and it was communitarian. I don't pretend to understand its ideology very well, and it wasn't part of my job to learn in depth about Sendero Luminoso, but the key thing to remember about them was that they were fanatical, they were very secretive, they went off to the highlands. Actually

their intellectual gurus that formed it were alienated, underemployed, grossly underpaid university professors at the University Ayacucho which was this colonial city isolated down in the southern highlands of Peru, and they set up this movement far away from the central authorities. And there wasn't much of a effective presence of the Peruvian government or authorities down in that part of Peru, so this cancer, if you will, could grow in these local circumstances and was not seriously challenged. These people were fanatical and real true believers in what they were doing. Essentially they believed that their objective had to be achieved by any means necessary, and if you were not with them, you needed to be killed and all of your family needed to be killed. They were just absolutely ruthless, and they basically terrorized people in isolated communities down there. They were stronger in the countryside. They didn't really control even a provincial city like Ayacucho, but in the surrounding countryside they would march into little Indian communities and tell them their vision and, "Are you with us? If you're not with us, well, chief and the local constable or whatever, we're going to chop off their heads right in front of you. This is what we do to people who are not with us. Now, who's with us?" Of course, everybody put their hands up. And they grew and became very powerful down in this redoubt of theirs. They were difficult to get to and, as I say, the central institutions of Peru weren't particularly strong, to start out with, so they weren't very capable in responding to them. They didn't really get to the point, in the time period that I was in Peru - and subsequently they really never did - get to the point where they could threaten to overturn the government and take over the entire country. But neither was the government really capable of coming to grips with them and attacking them effectively in the whole time period that I was in the country. So they weren't about to take over the country, but the government was not about to eradicate them either.

Q: Did they intrude into the narcotraffic?

CASWELL: This was one of the things that we were watching, that we were concerned about, that we thought would happen. In the time period that I was in the country, I wasn't really convinced myself that it was happening, in part because where the Sendero Luminoso guerillas were located was not the prime area where coca was being grown. Not that much coca was being grown, period, where they were, and certainly it was not the prime area of expanding coca production for export. Coca grows on what they call the high jungle where on the eastern slope of the Andes goes down into the Amazon jungle. Coca requires a good deal of rain and it requires warmer temperatures and it requires good, well drained soil. The roots don't like to be too wet, so Coca does not grow well in low, moist jungle. It does not grow well in the very high sierra where it's too dry and too cold. The Sendero Luminoso was located in the high sierra in the south-central portion of the country. Where the prime coca area was located was an area called the Upper Huallaga Valley and that was northeast of Lima on the eastern slopes of the Andes going down into the jungle, in effect the eastern foothills of the Andes. So Sendero and prime coca country were in two different areas. On the other hand, there was the argument that Sendero Luminosos might not get involved because the Senderistos, the Sendero leaders and most of the cadre who were the true believers, were very puritanical in their outlook, so there was the feeling among some people that this might keep them from getting involved in narcotic trafficking. Other observers said, nah, they'll get beyond that and the opportunity of money to support their political objectives will be a temptation. In the two years that I was in the country, towards the end - we're talking about mid-1984- there were indeed signs of Sendero slogans

being written on walls [in the Coca producing region of the Upper Huallaga], threats to local officials saying, "We're going to come get you," signed, "the Sendero Luminoso. We know all about you," etcetera, etcetera. There was considerable debate at that time as to whether it was really Sendero or whether these were just narcotic traffickers who were trying to terrorize the authorities into not messing with their narcotics trafficking activities, and saying they were Sendero because they wanted to sow terror in the hearts of these people, but they really weren't. They were basically criminals who were looking to make a buck, and anything that could scare the police away, that was a fair tactic. I'm not quite sure subsequently whether more convincing evidence emerged to say that indeed Sendero was in there and a second locus of legitimate true believers, true Senderistas, had established in the Upper Huallaga, but I suspected there probably was a bit of both going on, that there were some opportunists who were basically narcotic traffickers who said they were with Sendero Luminoso just to scare people and there were other people who were in fact the Sendero Luminosos who [were getting involved in drugs trafficking or charging protection money to traffickers] to raise money for the organization.

Q: How did you go about your job, first number two and then number one in the narcotics business? What were you all up to?

CASWELL: Essentially our program fell in between what DEA was doing and what AID was doing.

Q: Drug Enforcement Agency and the...

CASWELL: Agency for International Development. So we had a kind of continuum of programs and activities which we were doing, for example, the narcotics problem in the country which affected American interests. The DEA essentially were down there to exchange intelligence with the police and give them some advice, gather intelligence for our own purposes. Maybe they could learn something in Peru about somebody who was going to be taking drugs up to the United States. But they were doing essentially police work, and while they were doing police work, they might give some informal advice to the Peruvians, like, "If we had a problem like this in the States, this is the way we would do it, guys." But they didn't have big bags of money to pay for training, they didn't have big bags of money to help support Peruvian police in doing operations in Peru, they didn't have big bags of money to pay for training of the Peruvian police. That's where the State Department programs came in. In effect we had three pots of money, if I can call them that. With one pot we funded training programs for the police, purchasing equipment for the police, helping build up the infrastructure in the form of buildings and barracks and things like this that would help the Peruvian police to establish a presence in the coca-growing and drug-trafficking areas. So equipment, training, presence essentially was what we were paying for. Also, we had money to help pay for operations. Many times what would happen was the Peruvian police - they had a *Guardia Civil*, which was the uniformed police in Peru - would have a drug section and their headquarters were in Lima. Well, they might get information that led them to believe that an operation would be worthwhile in a certain provincial area, but to do that they would have to send officers from Lima up to this provincial area. They wouldn't trust the local police because they figured the local police were already being bribed, so they had to send in police from Lima to do that job. Well, who was going to pay for the travel of that officer or those officers to go from Lima to Tingo Maria, for example? Who

was going to pay their per diem costs while they were living in a hotel in Tingo Maria? Well, Peruvian police would say, "We don't have the money for that. We can pay their salaries, but we don't have the money for the operation." Well, if we became convinced, and the DEA was convinced, that, yes, there was reasonable cause to believe that such an operation was worth pursuing, we could help bankroll that operation. Those sorts of programs had gotten underway when I had arrived.

The second major area that was still on the drawing boards and had not begun, was crop eradication. One of the ways to get at the problem was to go to the source and to try to destroy in effect the illegal plantations where the raw material was being grown. This was the heart of the problem, this was the toughest nut to crack, but arguably it was a whole lot more efficient than playing cops and robbers and chasing all up and down the Andes trying to catch the bad guys. If all of the raw material could be destroyed, then you wouldn't have to worry about it. So we had programs/projects that were funded which we were going to work with the agricultural ministry in paying for the location and then the eradication of illegal plantations. Easier said than done, this was a very big problem in, one, trying to find generally small plantations in areas where there weren't very many roads; two, actually physically getting to them; and then, three, providing security for the people who were doing the work so they wouldn't be shot while they were eradicating the crop. Also we had to pay for a certain amount of research about what was the most effective way to kill the plants, because they're pretty hardy plants and at least at that time it wasn't clear that an aerial spraying would be effective, so we ended up hiring some agricultural scientists to do some research on what was the most effective way to use an herbicide to kill them. So there were tremendous organizational, logistical, and security problems associated with actually getting a crop eradication program up and going, and it would have to work hand in glove with the police. The first thing you have to do is you have to get the police in the area where the stuff is being grown to establish some law and order, equipping them and making sure that they do the job. Then once you've sort of established at least a police presence, then you could begin to address the eradication.

The third area of what we did was in effect consciousness raising which was aimed at persuading the Peruvians that it was not just an American problem, this was not just easy money for Peruvian farmers but that there is a blow-back effect, that this has deleterious effects on Peruvian people. So these were lesser programs. We also had some support for the justice people and in effect trying to see to it that people charged with crimes in narcotics trafficking actually came to trial. But, as I said, we sort of worked in the area between DEA, which was working with the police but didn't have any money to help the police, and AID, the Agency for International Development, which dealt with the third part of the problem, and that was, if you were trying to put the farmers out of the business of growing coca, that's not the same thing as saying you want to put farmers out of business altogether. There would be an enormous social and political and economic problem if you just drove all these farmers out of business and then they had no other legitimate livelihood to turn to. So AID had projects that fell under the heading of crop substitution. What they were trying to do was first do research to learn what might be the most attractive and economically feasible substitute crops that could earn the best income for the farmers, maybe not earn as much money as they could get for growing coca but might be better suited to the local conditions and earn a pretty good return, better than, say, growing potatoes. So there was a certain amount of a research-and-development aspect to those projects, and then

helping the farmer - not only the farmer but also the processor, the agro-product processors. It appeared as though one of the most possibly favorable products to encourage was the production of cocoa, which is the basic raw material for chocolate. The conditions were pretty good for growing cocoa in the Upper Huallaga Valley, but then the question was: How do you get the raw material from there to the marketplace? [So to encourage farmers to switch from coca to cocoa] you would have to develop refining facilities for cocoa, and you had to pay attention to quality and you had to be to teach these people how they would fit into the whole international chocolate industry.

Q: How did you find working with the Peruvians in all this?

CASWELL: The police loved us because we had money and they saw, I think, getting into the counter-narcotics business as a fairly popular thing to do in the Peruvian police in those days. I think you could be cynical and say they wanted to get into it so that they could collect the bribes, the corruption that was associated with it. I think they also saw it potentially as a high-profile place where one could build a career and maybe get ahead quickly, kind of a growth industry, if you will. Because the Americans were willing to pay and buy equipment, you could get access to better equipment. You could travel, you could get per diem to go off to do operations. It had a kind of a "sexiness" to it, where some gung-ho officers and people thought it was the place to be, and so they were enthusiastic. We helped set up within the police a special mobile anti-drug unit which was called UMOPAR, an acronym meaning it was a mobile police unit, and they were kind of an elite unit of the *La Guardia Civil*. They were established up in a base in Tingo Maria, which we basically built for them from scratch. Morale there was pretty good. So I felt pretty good about dealing with the people in UMOPAR. There were other elements of the police which seemed to be rather ineffectual and bureaucratic, fat old police officers sitting around Lima talking about doing stuff, but really never did it. Furthermore, the police were riven with rivalries. The police force I mentioned before and have been talking about up till now was called the *Guardia Civil*, which was kind of a national, uniformed police, kind of cop-on-the-beat kind of police, but they also had an FBI of sorts called the PIP, the Peruvian Investigative Police, and they were generally speaking a little more intelligent. Some of them had university educations or at least partial university educations. They seemed to be a little bit more suave but they were also generally considered to be more corrupt and duplicitous. Nevertheless, but you had to deal with them. They did get some things done, but you wondered what was the cost-benefit analysis there, were we getting as much benefit or more benefit for the corruption that was going on. Of course, there were always rivalries going on. The *Guardia Civil* guys would always say, "I wouldn't support that project with the PIP because they're all a bunch of *corruptos*, they're all on the take. You're wasting your money. You should put all of your money with us." Of course, the PIP guys would tell you just the opposite. They would say, "Oh, those bozos over in *Guardia Civil*. They don't know their you-know-what from their you-know-what. What are you wasting your time with those characters for?" And then, of course, there was Peruvian Customs with which we had another project and they wanted more money, but they were believed to be the most corrupt of the lot. So you had to deal with these professional rivalries amongst the police, but you could do stuff with them, and that in part was why we did the bulk of the earlier work with the police. They were easier to work with, they were enthusiastic, and there was a certain logic to helping establish law and order or more law and order before you could do anything else; it was sort of *sine qua non*. People in the Agricultural Ministry were much more difficult. Essentially they

didn't want to deal with the coca crop problem. They didn't want to deal with eradication, they didn't want to really make farmers angry at them. Whenever high-level people would come down from Washington, or the American ambassador spoke to the Peruvian authorities, they of course, at the senior level said, "Anything you want, anything we can do; we're in this with you 100 percent. We're poor, we need help, we need money, technical assistance technical assistance from the United States." "After all, that's only fitting, because you caused the problem. It was you, the Americans' demand, for these illicit drugs that has created the problem. Before your demand came along, there were a few Indians growing a few bushes and chewing on a few leaves and there was no big problem, so it's really appropriate that you should be helping us poor Peruvians to deal with this problem. But it's really up to you to do it. You have my blessing. When you come back down, talk to my friend the Agriculture Minister and bring his money, and talk to the Interior Minister and bring money to help the police." Well, as I said, the police took the bags of money and did some stuff, but our friend the Agriculture Minister didn't really want to deal with it so he said, "Well, I'm going to appoint this unemployed entomologist to be in charge of coca eradication," He was a little guy who specialized in entomology, specialized in killing insects. I guess we decided he would be an appropriate guy to think about killing coca plants. Anyway, he had no political weight, he was not a go-getter; he was this nervous little man who didn't really want to come to grips with the problem. He basically was interested in getting an office, buying furniture for the office, having a xerox machine, getting lots of typewriters and paper, and he would work writing up plans on papers. Every time you'd come to talk to him, "Oh, yes, I'm working on it, but we have to study this problem very carefully. By the way, I need some more money to get another xerox machine," or "I need another telephone." He just was getting nowhere. He was kind of a haughty guy also. He was just a real petty bureaucrat, not the kind of guy that would get out and shake things up and get things going, get dirt under his fingernails and be willing to do the head knocking that would really be necessary to get something like this going. Well, one of our major accomplishments, that really didn't happen till like the second year that I was there, after doing everything that we could to try to get this guy going and working with the police and hiring him a staff, Carlton Turner, who was the White House drug advisor - there wasn't yet a drug czar like Barry McCaffrey, but Turner was sort of a junior Barry McCaffrey at that time period - came down and he had gotten increasingly fed up with our inability to make headway on eradication, as had the Counter-Narcotics Bureau in the State Department and people in Congress who were watching us and so forth. Well, Carlton Turner came down and made a fuss, and because he represented the White House, when we took him around to talk to all the usual suspects, he was actually able to raise enough of a ruckus so that at the political level and through the government they decided to tell the Agriculture Minister he had to fire Mr. Ingunza, the entomologist director of the Coca eradication project. So we got rid of Mr. Ingunza and we got another guy in who was much smarter and much more a politician. He understood that something actually had to be done to satisfy the U.S. government, but he also understood that he could find a way to sell farmers that, "Yes, I'm going to eradicate your coca crop, but this is also going to lead to other things that you can do." He was a smart enough guy that he actually was able to get the project going in the Upper Huallaga area and did it in a way that he figured out places where we could push and move forward without making people too angry at us so that we could actually get the program going. I'm trying to remember. I did a little bit of reviewing before this just to see if I could find some statistics. In the first year that I was there we had only gotten 100 hectares - and a hectare is about two and a half acres - maybe we'd gotten about 250 acres of coca eradicated in all of 1983, and by 1984, getting this

new director and getting things actually going, we got 4,000 hectares, almost 10,000 acres, eradicated in just the first part, the first six months of 1984 before I left. So we really succeeded in getting the project really started off, which was a great satisfaction. The down side was, as the program began to bite, the bad guys began to bite back and we started to have increasing problems with threats, and actually just as I was leaving we even had an attack on one of the eradication teams and some 20 people got killed.

Q: You were talking about the problems between the various police elements, bureaucracy. What about you? Here you are, a line Foreign Service Officer. Did you find that getting involved in this? This is a pretty new game. Were there problems careerwise or just workwise?

CASWELL: I think in the time period that I was there - how can I put this? - essentially the job was a snake pit. When I bid on the job, I thought intellectually this was going to be a challenging job. I was thinking maybe this would be interesting to do because it's something that's concrete, it's real, it really relates to real American interests and it would be rather different than sitting around and reading Rabotnichesko Delo, pouring over the tea leaves, sending back cables to Washington about what's going on in Bulgaria and wondering whether anybody ever reads the cable and whether it really was having any impact or not. This was real, maybe I want to do this, but it will be hard, it will be a challenge. I don't think I had any idea how challenging it was going to be, because really we were in the middle trying to do a hard thing in which there were a lot of mixed feelings on the Peruvian side frankly. This was the kind of relationship in which whenever visitors would come from Washington, as I said before, they would say, "Sure, no problem, whatever you want. We're in this with you. We're poor. We need your help. We need money." They conveyed this impression to the visitor from Washington, be it Senator Paula Hawkins from Florida, who was rabid on the subject, or someone from the White House, or the Assistant Secretary of State for International Narcotics Matters or anybody else that would come down. We had a lot of CODELs (Congressional Delegations), a lot of visitors and so forth, Congressmen Benjamin Gilman, Charlie Rangle. They were really concerned about Peru because nothing was happening to end the drug problem. They would come down and in two or three days everybody from the President of the Republic on down to the lowest police officer said, "Yes, sir, we're going to do this. No problem, just you provide us assistance." Then they would leave and say, "I solved the problem. Now we're going to see some action." And, of course, as soon as the visitor from Washington went back and you were dealing with the rivalries, the bureaucratic foot dragging, the fears, such as, "If I do this, I'm going to get killed." The Peruvian politicians had their own concerns. They didn't necessarily want to stir up a hornet's nest. There was a fear that if they pressed too hard on the counter-narcotics front in the Upper Huallaga, the Senderistas would take advantage of them and then they would have a second front of the fight against Sendero Luminoso. So, of course, the results never were as good as what Washington would have expected. So we'd get a lot of people coming down from Washington and we were investigated by GAO...

Q: General Accounting Office.

CASWELL: ...General Accounting Office, by the State Department inspectors. As I said, everybody came to visit us that I mentioned before, and we had a steady stream of visitors from Congress and from the White House. We had the Attorney General, William French Smith. We

had a whole series of people from the State Department, from both the Latin American Bureau and the International Narcotics Bureau, from Assistant Secretary, Deputy Assistant Secretaries, etcetera. They were all coming to complain, "What's the matter with you? Why can't you get this project started? Why aren't you doing more?" But the satisfying thing was at the end of the day we were able to show improvement, particularly the eradication project. Those figures I cited before did a lot, and by the time I left the country I had won a Superior Honor Award out of it thankfully and ended up getting the projects going. But it was an uphill battle. You could have a good run and then all of a sudden things could come undone again very quickly.

Q: Like pushing a wet noodle.

CASWELL: A little bit like pushing a wet noodle, so I felt myself very lucky that, one, I survived professionally and came out of it smelling good, because there were certainly periods in the two years I was there when I was thinking I'm not going to come out of there smelling good professionally. I'm frankly thankful that I survived with my life. I was involved in a helicopter crash up in the Andes that could have killed me. As it was, we survived the crash and we got out alive. But I was just very thankful that at the end of the two years I was out of there, and I said, "Never again." I had become something of a star in the International Narcotics Bureau back in Washington and, of course, they said, "When can we get you to go to Colombia or one of these other countries? You can work on other projects and turn them around, too," and I said, "Thank you very much. I'm flattered, but I don't think I ever want to do this again."

EDWARD L. LEE II
Regional Security Officer
Panama City (1982-1985)

Mr. Lee was born and raised in Michigan, educated at Delta College and American University. After seven years service with the US Marine Corp, he joined the State Department as Agent in the Office of Security. Mr. Lee's entire career in the Foreign Service was devoted to Security matters in Washington and in diplomatic posts throughout the world. His postings as Regional Security Officer include Cyprus, South Korea, Thailand and Panama. Mr. Lee was interviewed by Charles Stuart Kennedy in 1999.

Q: How about Peru?

LEE: Peru at that time was fascinating. In 1980, the Maoist Sendero Luminoso emerged. This was in keeping with Castro's plan to try to get liberation rebel movements operating in all Latin American countries. The Sendero Luminoso was severely underestimated by the intelligence gurus at the U.S. embassy. I began to travel to Lima in the middle part of 1982. I recall one of the senior intelligence officials at the embassy stating that the Sendero Luminoso were a group of buffoons. I recall saying to this man, "I think you're wrong." As it turned out, I was right. Between 1980 and on, particularly during the years that I was there, the level of violence was just incredible. In many respects, it was worse than Colombia because the country had less of a

system to work with. The Peruvian security forces were badly trained, they were badly motivated even compared to Colombia. Our embassy was very vulnerable. We had to do an awful lot of quick fix work to protect the embassy because it was right on a major thoroughfare. There were also some problems within the Consular Section. During that whole period, we were trying to just keep the ambassador safe, keep the residence from being blown up (There were a number of bomb attacks against the ambassador's residence. There was never an attack on he himself.). But it was a very interesting period when you didn't have diplomats in the U.S. embassy going outside of Lima because the rebels, the Sendero guerrillas controlled the countryside.

Q: Was there a strong anti-American cast to this Shining Path?

LEE: Very much so. That's one commonality of all of the leftist rebel movements in Latin America. They were all primarily anti-U.S., anti-multinational, anti-imperialist. That was their standard philosophy no matter where you happened to be. We were very lucky in that we never had any of our people assassinated, but the risk was clearly there. It was very routine for bombings to put all the electricity out in Lima. We were putting generators in residences. We were trying to do everything we could to reduce that risk.

Q: How were we assessing the catholic churches at the parish priest level, the so-called "liberation theology?" Did we see that as an instigating force into what was happening?

LEE: I think that the liberation theology, which suggests that the Catholic Church, particularly the Jesuits, were sort of a sympathetic force for the rebel movements that existed in that the rebel movements were really geared – or at least they claimed to be geared – to empowering the poor, the impoverished, with some aspect of the system (i.e. land reform or what have you) to enable everyone to be able to farm their own land and what have you. The liberation theology that became very popular in Central America did not trickle down into South America as it did into Central America. Partly that was because there were supportive forces in the United States and in Europe that were very sympathetic to many of the rebel movements in Central America. The fact that Central America was closer made it a lot easier for that kind of support in the U.S. to occur. Generally, in Peru, it was not a major problem. In El Salvador, Honduras, Guatemala, it was clearly a problem. Actually, that liberation theology began to lose steam really by the late '80s. But it was a serious problem in the mid-'80s.

Q: Did you find in Peru in your efforts to protect our embassy much help from the government, which was a left-wing military government at that point and not very friendly towards the United States?

LEE: No. The host government in Lima was really not terribly supportive. Even our own ambassador did not have terrific relations with them. In many respects, the Peruvian government at that time was looking for someone to give them the answers to the rebel problem. But no. I can remember us wanting to put in barriers around the embassy on street level. We grappled with trying to go through different ministries. Finally, we said, "The hell with it. We're just going to put them up." It's a lot easier to ask for forgiveness after you've done something, but if you ask permission, they're probably going to say, "No." That's what happened. Once we put them up, then we didn't have any problem. I think generally if you look at all of Latin America, there were

a few governments that were terribly cooperative with what we were doing, largely because of the inflation of the currencies in South America. In Argentina, the Dirty War was still underway. In Chile, Augusto Pinochet was still dictator. It's difficult to remember the way Latin America was at that time compared to how it either is now or in years past.

LOUIS F. LICHT III
Labor Attaché
Lima (1983-1985)

Mr. Licht was born in Maine and raised in New York. Educated at Yale University and the Fletcher School, he served in the US Army in Vietnam and joined the State Department in 1974. Mr. Licht served in Washington, dealing with Latin American Affairs as well as Arms Control and Nuclear matters. His foreign posts were Santo Domingo, Lima, Canberra, Yerevan and Chisnau (Moldova). Mr. Licht was interviewed by Charles Stuart Kennedy in 2000.

LICHT: Bureaucratically all I had to do was sign a paper. And then I was not longer attached to INR permanently and I could bid on jobs and since I was in the Secretary's office, the labor slot in Peru came up and that's a natural thing to do. So I took the labor course at Georgetown for six months with two other guys, one who later turned up as my boss in Australia. And we went to Peru in '83 and stayed 'til '85.

Q: What was the situation in Peru at that time?

LICHT: Belaunde was the president and an election was coming up [April 1985], with the Apristas making a strong bid for the presidency.

Q: The Apristas being the…

LICHT: A party that was started by Haya de la Torre in the Twenties or Thirties and a populist party, with just a little bit of fascism mixed in there. He had never been in power. Each time he got close to being in power the military had done something. Of course Peru had a left wing military government before Belaunde had come to power. Belaunde had taken things from the left to the right, sort of changed the economic signals and Peru was of course having economic problems.

Q: Were they having, was it ITT, had they expropriated American firms there?

LICHT: During the left wing governments I think that had happened but during Belaunde's government things had been returned. One of the problems Peru had was changes of signals. One was for free enterprise; the other was for state control. It was in its right wing, democratic phase when I was there.

Q: How about Sendero Luminoso (Shining Path)?

LICHT: Sendero Luminoso was in full stride and terrorism was an everyday fact. Midnight 1984, New Year's Eve 1984, they blew the lights out, throughout the country, at midnight. That was a great way to start the year!

Q: Did you feel under threat, the American embassy?

LICHT: We were careful, varied routes and stuff like that but not paranoid about it. There weren't many, I don't remember any assassinations while we were there. The ambassador was more careful than the rest of us, of course, but we didn't feel terribly threatened. We felt that we should be a little careful and it was emphasized that we should be careful.

Q: Who was the ambassador at the time?

LICHT: When I arrived, it was Frank V. Ortiz, Jr. [Editor's Note: A career Foreign Service Officer, Ambassador Ortiz served from November 1981 to October 1983 and then became ambassador to Argentina]. His successor was a University of Virginia professor, David Jordan [who served from March 1984 to July 1986.]

Q: How would you describe relations?

LICHT: Relations were pretty good. There were still problems with…they had connections with the Soviet military, who sold them planes earlier. But relations were reasonably stable. We were providing them assistance and we were trying to be helpful in disputes with Ecuador and Chile. We were trying to mount an anti-drug program and they were receptive, though it was an uphill fight. We were trying to promote democracy. I worked with the AFL/CIO and they were trying to work on, through their favorites to promote trade unionism and they were fairly cooperative. I would say relationships were on an even keel, there was no crisis at that time. There was an election, of course and during the election we were close to both sides. Eventually the Apristas won.

Q: How did they view the military? Were they marking time?

LICHT: I think we saw them as still having some affection for the left.

Q: How did you find the Peruvians as a people? Was it easy to get to know people there?

LICHT: Dignified and reasonably easy to get to know. Friendly towards Americans. Proud of their culture. Spoke very nice Spanish, compared to what we found in the Dominican Republic, it was easy to understand. Pretty approachable, as far as political contacts were concerned. It was an agreeable country to live in, though you were careful, because you were concerned about terrorism.

Q: Was our growing engagement in Nicaragua and El Salvador having repercussions?

LICHT: Well some, but as I remember they weren't as strong as, for instance, in Mexico. They

didn't feel themselves as a Central American country. There was Latin American solidarity with maintaining independence but not of the paranoid brand. They were more concerned with what was happening with Ecuador.

Q: How did that work out during the time you were there?

LICHT: There were no incidents at that time but there was concern about it. But still, no incidents at that time. They were more concerned about their internal processes and the question of whether Alan Garcia would be elected or not. There was concern about the leftist mayor of Lima, Barrantes, who lost the election to Alan Garcia in '85.

Q: Was Fujimori a presence at all?

LICHT: No one ever heard of him. But Alejandro Toledo, who just ran, was someone the embassy knew well. I just remember meeting him and knowing him and knowing we knew him. Of course he was the perfect embassy groupie, in a sense, too. American educated and he understood us well, excessively well. I was interested to see him all of a sudden

Q: With Ecuador, how did we see this, just as a nuisance border dispute or…

LICHT: I guess we saw it as something that was always going to be a problem and had gone on for a long time. We knew it could flare up but during the time we were there it didn't cause too much trouble.

Q: Were there any repercussions to what was going on in Chile, Pinochet time and all that?

LICHT: No, it was just interesting to consider that it was so close but there was a regime that was completely different taking over. There was a feeling that Peru was different from Chile. Peruvians, there's a much larger indigenous population. Natives weren't wiped out, as much as they were in Chile.

Q: Was there much intermingling between the Indians and the Spanish descent people?

LICHT: From what you could tell there was consciousness and someone like Toledo, that's not true, the military, I think they had some people with that background. There was the normal sort of discrimination within society but there were prominent people from all backgrounds.

RICHARD OGDEN
Deputy Chief of Mission
Lima (1983-1985)

Richard Ogden was born in Norwalk, Connecticut, in 1939 and grew up in New Canaan. He attended Stanford where he majored in economics and went on to receive his masters from the Fletcher School in the spring of 1963. He entered the

Foreign Service in 1964 and in 1966 he began service in Bogota, Colombia as part of the Economic Section. In addition to Colombia, he was posted to Thailand, Argentina, Peru, England, and Spain.

Q: In 1983, where were you?

OGDEN: In 1983, I got a call from Frank Ortiz who was going to be the new ambassador to Peru, and he asked me to come down to be his DCM. The Department approved. I very happily said, "Yes," so we were off to Peru for our next tour.

Q: So you were there from 1983 to?

OGDEN: I was there from 1983 to 1985.

Q: What was the situation in Peru?

OGDEN: It was a very difficult period. Fernando Belaunde Terry had been reelected in 1980, and so we were living through the last two years of his presidency. The situation was rather unstable because the Shining Path guerilla group was becoming much more active, especially around Ayacucho. The security situation for the embassy was hard and it was dangerous to travel in certain parts of the country. Some areas were virtually off limits for embassy travel. Belaunde was trying to get through his mandate and we were, of course, anxious to sustain democracy and to promote it. We worked quite closely with him to do that.

Q: What had been the recent history of Peru, leading up to the present?

OGDEN: This was Fernando Belaunde Terry's second term. He'd been elected in 1963 but had not been able to finish his mandate. There was a coup in 1968 and General Juan Velasco Alvarado took power. Velasco used Belaunde's settlement with the International Petroleum Company as an excuse for the coup. His administration nationalized a lot of land and companies including IPC. Eventually, a more moderate General, Francisco Morales Bermúdez, took power in the mid-'70s. So the background to Belaunde's election was about 12 years of military rule.

Politically, the left in Peru for a long time had been dominated by the American Popular Revolutionary Alliance (APRA). Belaunde's party was the Alianza Popular which tended to be more centrist and moderate. One of Belaunde's key goals was to get through his second term so he could hand over power to an elected successor.

Q: How were relations with the embassy and the government?

OGDEN: They were very good, especially in the early part of his term. In the last year or so, I think relations were not quite as close because Belaunde was having a harder time governing. There was a feeling that things were slipping a bit out of his control. But he was an elected leader, he was popular, and we tried to support him in every way possible. We had a lot of very interesting programs in Peru. I can run through them.

Q: Yes, let's run through them.

OGDEN: We had a big AID program, I think one of the biggest in Latin America at that time. It was primarily involved in agricultural reform and also in health and education. Agricultural reform was a priority for Belaunde.

Q: Was that agricultural reform tied to the land reallocation?

OGDEN: Yes, land reallocation, better rural roads and trying to encourage the production of agricultural products with good export potential.

Then we had a big civil air problem involving Eastern Airlines at that time. Eastern was not getting as many routes and landing rights in Peru as it wanted. The government was trying to favor Aero Peru. We had a lot of negotiations with the Peruvians on that issue. Eventually, the situation got so bad that the CAB had to cut off Aero Peru from the United States. By the end of my stay, there were no direct flights between Peru and the United States. That's a very unusual state of affairs. The Peruvians just didn't like the fact that Eastern was challenging their national company.

Then there were also mineral issues that were important. We had some problems come up with Occidental Oil and Belco Oil. Southern Peru Copper operated a very large and important mine near Ilo and we followed that situation carefully.

Q: Have the expropriation issues been pretty well settled?

OGDEN: Well, under the Belaunde regime I don't recall any expropriation issue arising. But the problem remained under the surface, I guess. When the APRA leader Alan Garcia was elected in 1985, the issue came up again. I believe that he nationalized Belco, although I had already left by that time.

Narcotics was a very big issue for us in Peru. We were funding programs to eradicate Coca production in the Huallaga valley, and AID was promoting agricultural substitution programs. We also were funding efforts by the Peruvian police to track down narcotics traffickers. Our funding levels were small then, but Congressional interest in the programs was very high. I recall several Congressional visits to Peru which focused on the narcotics problem.

We had very close relations with the Peruvian military in those days. Ambassador Ortiz was an avid tennis player and had assembled a group of tennis enthusiasts in the embassy. We would go out almost every weekend to play tennis with key Peruvian military leaders. For example, the army chief at the time, General Julian Julia, was a tennis nut and we often would play with him and other top army generals. Between sets, we never missed an opportunity to emphasize the importance of democracy to the future of Peru. If any coup thoughts were brewing, I would like to think that we kept them in check. This was real tennis diplomacy.

Q: Was there a communist party in the area?

OGDEN: I think the Aprista Party on the left was wide enough to include most of the communist-oriented thinking in Peru. Prior to the 1985 election, we had several very useful sessions with Alan Garcia, the Aprista leader, while he was a candidate for President. I can remember several luncheons when we were talking about possible new AID programs and how we could cooperate on narcotics and other issues. It was a big disappointment to learn later that Alan Garcia had taken a different path and decided not to cooperate with the United States. I think he missed a big opportunity to transform the left in Peru into a more responsible political force.

Q: Did we have an attitude or do anything about the Shining Path?

OGDEN: Well, we certainly had an attitude which was to promote security and to limit travel to areas in which Sendero operated. Our anti-narcotics program was not directed against Sendero. Indeed, at the time the links between Sendero and narcotics traffickers were not very clear although we were very interested in the issue. We were concerned about the military and the police reaction to Sendero. Human rights violations were occurring and we didn't want military repression to turn the population against the government. We made this point often at high levels of the government and within the military. Frankly, it was hard to know exactly what was going on in small villages in rural areas. Anyway, Sendero was very active and got to be more of a threat. The group would frequently blow up electricity towers plunging Lima into sudden darkness.

Q: As we saw it, what was the objective of this organization?

OGDEN: Sendero seemed to be an indigenous movement. It didn't receive much help from Cuba or Russia and didn't seem to want it. The guerrillas often used brutal intimidation of local villagers to enforce their objectives. They tried to provoke the military into human rights violations. The group's stronghold included the Ayacucho area. Later, it almost certainly formed links with the narcotics traffickers as its power and influence spread.

Q: What was the role in those days or was there one of the intelligentsia, universities, thinkers, and that sort of thing?

OGDEN: Well, there was always concern about the extraordinary poverty in Peru. Many people felt that the government wasn't doing enough, that Belaunde just wasn't dealing with the problems. The knock on Belaunde was that he was more interested in big projects like the marginal jungle highway, than in social reforms to help ordinary Peruvians.

Surprisingly, there was a strong free market group in Peru at the time. It thought the solution to Peru's problems was to get the government out of the way and to let the private sector operate. The free marketeers noted the black market in Peru was large, and healthy, and growing and felt more of the economy should operate that way.

At the other extreme were the leftist groups. They advocated the kinds of solutions tried by General Velasco. For them, capitalism was basically selfish and evil. The only solution was for the State to nationalize as much of the economy as possible and to subsidize basic activities like

transport and electricity.

Unfortunately, Peru seemed to lack a strong center which could sustain moderate programs within a stable economic and political framework. There was too much social experimentation with radical programs.

Q: Looking at your background as an economist and all that involved developmental things and looking at Peru at that time, did you see that it had the potential that, say, Chile had to have a very sound economy, agriculture and all that?

OGDEN: Well, I think so. Peru had marvelous agricultural and mineral resources. And its fishing industry was probably the biggest in Latin America. Of course, the geography and topography of Peru were major drawbacks. Transportation was an incredible problem. Rain and floods would constantly wash out mountain roads which had to be rebuilt at great cost. Unfortunately, the distinctions in wealth between rich and poor were some of the worst I've ever seen. With the Sendero problem, refugees from the mountains and jungles would pour into shanty towns around Lima. It was almost impossible for the government to provide health and other social services.

Q: Did we have any tuna wars with Peru in those days?

OGDEN: No, we didn't have any major problems. The big problem was the El Niño. They had a very bad El Niño phenomenon just when I arrived.

Q: Could you explain what the El Niño is.

OGDEN: The El Niño is a weather pattern that warms up the cold pacific currents along Peru's coast. This tends to ruin the anchovy and other fishing, often for several years. Terrible rains also are associated with El Niño. When I arrived in the summer of 1983, El Nino inspired rains were causing floods all up and down the coast. Crop losses were huge, roads and bridges were wiped out, electricity was out in many areas. It was a bad situation.

Q: How about the perennial Peru-Ecuador border business?

OGDEN: Peru has a border with five countries, and historically tensions have been great with Ecuador and Chile. Fortunately, border issues were pretty quiet while we were there. I think Belaunde was pretty sensible about seeking good relations with close neighbors.

Q: How did Frank Ortiz operate as ambassador?

OGDEN: I thought he was extremely effective. He really knew the government leaders and Peruvian society very well. He had excellent access. He made the effort to add a personal touch and was very supportive of embassy staff. Ambassador Ortiz left after only four or five months to become our Ambassador to Argentina. Our next Ambassador was David Jordan, a political appointee. But he did not arrive for almost a year, so I had the opportunity to serve as charge for that period.

Q: What was your impression of the Foreign Ministry of Peru, how it operated and its outlook?

OGDEN: The Foreign Ministry under Belaunde was quite pro American and always helpful. I recall many useful discussions there. The Foreign Ministry did a very good job working with the embassy to coordinate Congressional and other visits. There also were some important discussions about debt problems with the Foreign Ministry and Ministry of Finance and Central Bank.

Q: This was the same one that had hit Mexico and Brazil. I mean it was a major issue.

OGDEN: Peru had a major foreign debt problem around that time. Belaunde pushed development projects very fast, taking on more debt. As I recall, the country already had a heavy debt burden from projects pursued by the military. Anyway, we were engaged in discussions to ease the debt payment burden for Peru. Unfortunately, when Alan Garcia took power, he unilaterally terminated most debt payments which led to a rupture in Peru's links to the international financial community.

Q: Did you feel that Peru had the cadre that apparently Chile had even during the Pinochet time, known as the Chicago Boys, but essentially some very astute economists who helped keep Chile on the right course.

OGDEN: Belaunde had a top notch economic team and the embassy worked very closely with it. Still, when the international economic situation turned unfavorable, Peru was caught up in the problem like the rest of Latin America.

Q: What about the narcotics? Were the drug lords there or was this a way station or how did we see the apparatus?

OGDEN: Coca production in the Huallaga valley was very extensive. I flew over the valley a couple of times in an airplane, and you went for miles and miles and saw nothing but Coca. Some laboratories were being built to process the Coca. The traffickers were running in and out with light aircraft and moving shipments to Colombia. This was an isolated area and very difficult for the government to control.

In general, our anti narcotics effort was focused on this area. As I mentioned, we had programs including Coca eradication, crop substitution and support for police efforts. While a major issue, we didn't believe the drug problem at the time spread across Peru or affected society at large.

But we were very concerned about growing links between the drug traffickers and the Shining Path. The pattern seemed to be that traffickers supplied money to Shining Path. The guerrillas, in turn, protected the drug traffickers from government efforts to put them away. This obviously was a very worrisome trend.

I recall another issue at the time was whether the Peruvian military should get involved in anti narcotics activities. On the one hand, the Peruvian military could be effective. On the other hand,

there was concern that the military could become corrupted through narcotics involvement.

Q: Did we see a spill over between the situation that was developing in Colombia and in Peru?

OGDEN: Yes, I think there were a lot of links. Most of the production of Coca at the time probably was in Peru. The processing and shipping to the United States seemed to operate mostly out of Colombia. There was intense trafficking back and forth between the two countries.

Q: Did you have any significant political visits while you were there?

OGDEN: We had a lot of CODELS. I remember one in particular because it took place on my first day in Lima. Somehow, I found myself on the bus with the entire CODEL serving as the embassy expert who was supposed to know his way around. Of course, I didn't know anything about Lima directions and the bus driver had no idea how to get to our luncheon. It was really awful. We drove around for about an hour trying to get to a place that was only ten minutes away. Later, the CODEL made me stand up and apologize to the businessmen who were at the meeting. It was the best thing that ever happened to me because (1) I got to know the entire business community right away and (2) they all felt sorry for me and gave me special support thereafter.

J. PHILLIP MCLEAN
Director, Office of Andean Affairs
Washington, DC (1984-1987)

Mr. McLean was born and raised in Seattle, Washington and was educated at Seattle University and the University of Indiana. He entered the Foreign Service in 1962. A Latin American specialist, his service in the State Department in Washington and abroad, primarily concerned Latin American Affairs. His foreign posts were Brasilia, Edinburgh, Panama City, La Paz, Milan and Bogota, where he was Deputy Chief of Mission. In Washington Mr. McLean held positions dealing with Latin American Affairs, including that of Deputy Assistant Secretary for South America. Mr. McLean was interviewed by Charles Stuart Kennedy in 1999.

Q: Well, then down to Peru. What was the situation?

McLEAN: Peru was in bad shape in 1984. The economy was hobbled along. They were tied up with antiquated policies. They had built up a great deal of foreign debt, and the narcotics problem was beginning to impinge on it. Narcotics were located up in the Ayacucho Valley in the middle of the country, a lot of coca was being grown there; we knew that. We also knew that there was corruption. It was beginning to corrupt the armed forces in the area. And so we had begun to work with the police. Just as I arrived up there on my first trip, which must have been early '85, you had the same phenomenon of guerrillas actually beginning to enter into the narcotics areas and taking advantage of the social destruction that was going on there. When I

traveled into the Ayacucho Valley the first time, it was the week after this first attack that had taken place. I saw the burnt-out AID projects that we had built for crop substitution, that were now just burnt to the ground. I saw the police cars that we had supported, full of bullet holes and was shown the spots of the massacres that had taken place in this sort of 'Night of the Long Knives' that took place in the valley. So it was a sobering event. And then I also met with the commanding general of the area, who had really done nothing to save the situation. Of course, I was aware at that time that there were accusations that he was on the take for the narcotics traffickers, so you began to see this complicated situation. The President, as I say, was a highly pleasant and popular person by the name of Belaunde, who'd been kicked out by the military back in 1970 or 1969, and he was back but he was not running an effective government. So early on in 1985 Opera, the party with a larger popular base, was elected. A very attractive guy, Alan Garcia, a tall, smiling, quick-of-tongue was elected and, I must say, was a highly charismatic figure. We were deeply worried by his economics, or lack of economics, his belief that you could solve economics by declarations. But I will say that when I met with him, I went in with Baker to see, I said, "Boy, this guy could really do something for the country." It turns out he doesn't, but that's another story.

Q: Was Fujimori at all a...

McLEAN: Fujimori was not a factor. This is five years before Fujimori comes along. I also attended his inauguration five years later. At that time Garcia leads the country into economic disaster. I heard the statement that he in effect took the wheel of the economy and ran it at full speed against a wall. Eventually, by the late 1980s, the country eventually ends up in hyper-inflation as well.

RICHARD T. MCCORMACK
U.S Ambassador to the Organization of American States
Washington, DC (1985-1989)

After attending Georgetown University, Mr. Richard T. McCormack assumed a multitude of administrative roles for the Nixon Administration in addition to serving under Governor William Scranton of Pennsylvania and Senator Jesse Helms of North Carolina. Mr. McCormack's career also included positions as the US Ambassador to the Organization of American States as well as Under Secretary of State for Economic Affairs. Ambassador McCormack was interviewed by Charles Stuart Kennedy in 2002.

Q: Did George Bush, I am speaking of George Bush senior, the vice president, did he get involved?

McCORMACK: Yes, he did. He was involved in a number of things behind the scenes. We would go occasionally to funerals and inaugurations together, so I got to know him in that process. He had a lot of interest in Latin American policy, and watched it closely. Don Gregg was his foreign policy advisor. Don and I were good friends, so I had a good friend and ally

there. From time to time that was important. For example, at one time our relationship with Peru completely fell to pieces. President Alan Garcia, who was from Peru's populist APRA Party, was a very emotional man. Shortly after Garcia's election, he repudiated Peru's debt. He and George Shultz got into a private yelling match at the United Nations on this issue. Of course that was very unusual for Shultz, but it did happen. Naturally when the top dogs snarled at each other, this encouraged the little dogs in the system on both sides to bark too. The whole relationship imploded. It got to the point where our Ambassador in Lima, David Jordan, was not received except at the lower levels in the foreign ministry. The concern of Shultz was that the repudiation of debt would spread and the whole regional debt management process would become unstable.

To make a long story short, Peru's Ambassador in the OAS, Jorge Regada, was a former journalist. His friends had been tortured before his eyes by an earlier military regime in Peru, but he never allowed himself to become bitter by the dreadful things that he had seen and had been done to him. There was an element of nobility in this man's character that made him unusually influential. And of course he was a long-standing member of the APRA Party and a personal friend of Haya de la Torre, the party's legendary founder. Regada became troubled about the deterioration of the bilateral relationship, and asked, "Would you be willing to go with me to Peru to see if we can put this relationship back together?" So I sent a message to Shultz saying I had been invited to do this, and I recommended that I accept. This idea was opposed by Elliott Abrams, but the Secretary overruled him. I contacted the Secretary's office, and I asked for the Secretary's personal interpreter, Ms. Stephanie van Reigersberg, to be allowed to come with me. Not only was she knowledgeable about Peru, but she was also extremely intelligent and a person of great integrity. I wanted a credible witness. I didn't have a very good relationship with my colleague Mr. Abrams, and I was concerned that he would be looking for opportunities to sabotage the mission or me. We traveled to Peru, and met with Alan Garcia. After spending hours listening to this man talk, I realized that he was a bit unstable at that time.

Q: Personally unstable?

McCORMACK: He was perhaps a little unstable, but I saw that he had some better qualities also. I told him that I wanted to get to know Peru a little better. So he had his friends from the APRA Party take me around. I made little speeches with my messages, which I knew would be carefully noted in Lima. At the end of the tour, we came back to Lima. Later, Alberto Sanchez, the Vice President of the country, gave a dinner for me as the final event of my visit. All the leadership of the APRA party was at the dinner --- 35 or 40 people. Sanchez was a very intelligent, 90-year old man, a blind poet. Halfway through the dinner, he suddenly stood up and said: "We have now spent five days with our friend Ambassador McCormack. There are some things that I think are now clear. The United States is not the same United States it was in the 1920s when our party was founded. It is now possible to disagree with the United States on a specific issue without becoming an enemy of the United States. Therefore, we are going to treat the United States as a friend with whom we have a disagreement rather than as an enemy. We are now going to improve our relationship with the United States." All of his colleagues applauded.

I reported this to our ambassador, David Jordan, who was delighted. The next day the Ambassador received a call from the foreign minister inviting him to visit. When I came back to Washington, I found a letter from Jordan. It was just one sentence. "Words cannot describe my

gratitude. David Jordan." Peru then began negotiations again with the IMF. They were not easy negotiations, but at least we were talking. In the end, we didn't come to a complete agreement on all of our issues. We did, however, have a cooperative relationship with the Peruvians on most other issues. Vice President Bush sent a note to the Secretary of State saying how pleased he was that we were beginning to make progress in our difficult relationship with Peru. Of course, they sent a copy to me.

Now as it turned out, not everybody was happy about this, but they were basically told to shut up. Later, Shultz ordered that I be awarded the superior honor award for outstanding sustained performance as a consequence of this and other things. John Whitehead, the Deputy Secretary of State, told his staff: "Say what you will about McCormack, he gets the job done."

GEORGE A. MCFARLAND
Retired Annuitant
Lima (1985-1997)

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.

MCFARLAND: I took retirement very early, the 2nd of January of 1985 and moved directly to Lima, Peru, with my wife and two small children. I should have mentioned that my second child of the second generation, a boy, was born at Princeton just before I left there. I moved to Lima largely for family reasons, not because I had any employment lined up there. In fact, there was none to be found at a decent wage. Peru was in the depths of a very long recession with no end in sight. I was not interested in trying to go into business for myself, not having had business experience and after considering the general reputation of Peruvian business practices, which are not terribly open and legal. And I settled down to write novels. I dedicated several years to writing novels and finished two, and finished them, in fact, several times after rewriting, but was unable to get any published. It's possible that I was too far away from the United States to be in touch with publishing trends or I didn't have the right connections. It's also possible that the manuscripts just weren't good enough. But it was a very disillusioning experience, because I had thought that my only real gift was in writing. It turns out that novel writing amounts to more than writing, though. The two children adapted well to Peruvian life, growing up surrounded by a large and very caring, close Peruvian family. I benefited from that, too. This family, like most Peruvian families, has a sense of "family-ness" that goes well beyond anything practiced for the most part in the United States. For example, to this day, I get birthday greetings from nieces and nephews in Peru and not one from my nieces here in the States. I traveled around taking the children to see most of Peru with my four-wheel-drive pickup, and we did a great deal of

camping up in the mountains, in a largely unvisited area, probably Valley of the Volcanoes. From north to south, wherever we could go that was safe, we went. We wound up camping a great deal on the beach because in the mountains travel became very risky because of the terrorist threat, *Sendero Luminoso,* Shining Path, Hispanicist operations. It was a, quote, Maoist organization, a phenomenon in South America because it was without dependence on outside support. They charged, in effect, taxes to people whom they could threaten, who were within their reach, and they ruled by fear.

Q: How Communist are they, or were they?

MCFARLAND: Totally. They were Pol Pot types.

Q: In other words, they went by the book?

MCFARLAND: By the book. By the Maoist book.

Q: They weren't just... Well, that's a long time ago. Even China has evolved.

MCFARLAND: Until 1992, roughly, and there are some of them operating. In 1992, after they had started trying to move into Lima, and had set off a car bomb that devastated a whole block of downtown Lima, the police got very serious about catching their leader, which was the objective that President Fujimori had set, and they caught him - and within a mile of our house, a middle-class area where you would never have expected him to be hiding, was his house.

Q: Fujimori did it.

MCFARLAND: Fujimori gave the right strategic directions - go for the head of the organization.

Q: Would you care to talk about Fujimori?

MCFARLAND: Certainly. He's a remarkable figure. He has already overstayed his fame, his moment, in Peru. He took office in 1990, after two decades, 22 years, really, of decline, when Peru reached a point well below what it was in '68 when Velasco had taken over. Fujimori succeeded APRA president, American Popular Revolutionary Alliance, named Alan Garcia, who had been a very credible, very promising young politician when he ran for office in '85, and was elected overwhelmingly, and promptly betrayed all hopes by becoming one of the most corrupt presidents on record, not only he but all the people with him, only a few of whom have actually been charged but were generally on the take. He has been living in exile ever since 1990 in one luxurious setting after another, which you can't do simply on the retirement pay of a former president. He obviously has millions. He's living in Paris right now in a luxury apartment with his own security force, and previously spent a long time in Bogotá. If there was anything Peru did not need at that point it was betrayal, and he betrayed it. The reaction against him resulted in Fujimori's election.

Q: Pardon the interruption - is Fujimori anti-corruption, or is he also a taker?

MCFARLAND: Well, he's got his own thing, now, apparently. But he was anti APRA corruption because politically -

Q: But he's vulnerable to the same Peruvian disease.

MCFARLAND: He is now, but it's not known. I mean, it's only surmised.

Q: Okay, all right. I just thought I'd ask.

MCFARLAND: But in the case of Juan Garcia it was quite obvious, and in fact was attested to by one of the Italian executives of a company who worked on building an electric railway through Lima. It never got beyond the point of building a series of gigantic concrete pillars in one street, several miles worth of pillars - no train. He apparently made quite a lot of money off that, and off a deal that Peru had ordered I think it was a little over 18 Mirage fighters. Now they didn't *really* need them. Of course they didn't. And these were greatly in demand at the time, and Alan worked out a deal by which another country would buy them at a much higher price. Peru would recover whatever it paid for them, and he would take the rest. As I say, he lives well in Paris.

And of course, this gets into the question that was posed by a Brazilian at the time. It's not just him, it's all of us. They people who pay bribes are no less guilty than those who accept them. But in this case, it wasn't Peruvians who were paying bribes. It was a sharp operator who was making money off his country. But there is a very, very strong tendency among Peruvians. Do we sell out whatever crook we're working for?

Q: Well, now, you as a retired government employee living in that environment on a limited pension, how did you faire in that environment?

MCFARLAND: The first year I saved more money than I had been able to save on active duty, but after that the cost of living began to rise and rise and rise. It's not quite clear why. After Fujimori came in, he began privatizing the state-owned enterprises.

Q: Was that a good thing?

MCFARLAND: Yes. And bringing in investment in a variety of things. The money came in. There was also a great flood of unacknowledged narco-dollars from drug smuggling. Peru is a tremendous source of cocaine. It's the largest coca-growing country in the world. It's not clear just what proportion of Peru's total dollar supply comes from that. I suspect that a much larger proportion comes than what they acknowledge.

Q: Do you have drug lords there as you do in Columbia?

MCFARLAND: Yes.

Q: Are they known

MCFARLAND: No, they stay more out of sight, and they're not so well known. There's great suspicion, though, that a great many of the top people in the army are compromised. The problem, of course, comes back to our requirement. I had never professed to have a solution to the drug problem. I can see in both ways. I'm horrified by drugs. I am equally horrified by the cost of the drug war. And one of the costs has been that by making drugs illegal, we have raised the profits of the drug lords, for all the smugglers, and because they are making so much, it's nothing to them to pay off police, army generals, judges, governors, whoever. In all the producing countries, this is having a terrible effect on the fabric of society, on the civil authority, on people's confidence in government - not that they had much confidence previously. That's been their historical experience. Their governments were not to be trusted much. That is one reason for the election of this son of Japanese immigrants, Fujimori, to be president, because the little people have had it with the traditional ruling group. They have been one failure after another, even though the army was not really part of the traditional ruling group, they tried that experiment. The Peruvians actually had tried all the varieties of political organizations just about, except out-and-out Communism, but they picked this Japanese as someone who was wily and smart and yet not a European type. And his first term was a great success. He brought security to his country after this long reign of terror, and he acknowledged involvement and investment, even though very little of it trickled down. But the poor people seem to have infinite patience. They felt that after a while they'd begin to get theirs. The trouble is, now, being seated on a second term, he closed down congress at one point and fired the supreme court justices, made way for himself for a second term, and now in his second term people are thoroughly fed up him. The economic policies have not resulted in greater wealth farther down. Even the people at the top are beginning to have problems. And something like 30 or 40 per cent of Peruvians live in extreme poverty, by which I mean not having enough to eat and not having adequate clothing or adequate housing. People in the United States don't understand, on the basis of US experience, what it is to be poor, as you know very well.

Q: Yes.

MCFARLAND: They know what it is in Peru, and one of my brothers-in-law remarked to me years ago, "We live in a poor country," and I caught his whole meaning: that its poverty had an impact everywhere you looked, people's attitudes, and the way people lived, from the top to the bottom. And everything is relative. By standards of Bill Gates and, indeed, by the standards of a good many millionaires around Austin, I'm poor. By the standards of poor people in Lima, I'm terribly rich.

Q: Well, there are a few rich ones at the top, a few families that are rich, is that it? Is there a middle class of some dimension and then a heavy lower class? Is that still the pattern?

MCFARLAND: Yes, for many years, there was this land-based aristocracy, the *hacendanos. Hacienda*? - that was the owners, the families, the owners of *hacendados*. And they pretty well ran things, especially outside Lima, in their own districts. They were like squires or barons or whatever. And if there were votes, their people voted the way they wanted.

Q: And they had serfs on their land.

MCFARLAND: Well, not really, but something -

Q: What do you call them?

MCFARLAND: What, the *peones?*

Q: Peones? *Were they sharecroppers, or did they pay?*

MCFARLAND: More or less, they were sharecroppers. That's right. Or they were paid minimal wages. It depended on the landowner. Some were quite enlightened and treated their people well, and then others were brutal. But that was the old system, and that was broken up by the agrarian reform of the military government. That's what I was saying - if they had stuck with that, they might have had a place in history that was more favorable to them; but they broke it up, but they didn't really introduce anything good enough to be viable in its place. They were all wary, I think, of carrying out agrarian reform. Japan did it. Israel did it. But in Peru they didn't catch on. And it had difficulty feeding itself.

Q: Relations with Washington are better with Fujimori?

MCFARLAND: No, they were for a time, but we became critical of his human rights practices.

Q: Prisoners, and political prisoners.

MCFARLAND: Well, yes, and. . . . It's not quite fair. There's something on both sides. It's a question of due process. During the worst of the terrorism, as they called it - it's fair to call it an insurgency - the police were on the point of being undermined and corrupted by the influence of the *Sendero Luminoso*. The police, after all, live in these same slums where a lot of the revolutionaries live. Their families were hostage when they were off, and they'd restore them at night and on weekends. Their loyalty was not entirely unquestioned. The army also, drawn mostly from up in the mountains, by forced levies - there was enough of a draft of them, mainly enforced just against the poor and powerless, because the sons of the wealthy could always buy their way out. If you really wanted somebody you had to go to the villages and pick them off the streets without even letting them notify their families. So they weren't sure of the army either. That's why there was an elite force that went in and got this leader of the *Sendero*, an elite force from the police, not from the military. The military never won its war. But I've lost my thread.

Q: I'm sorry I interjected. You were living in Lima now, and you lived there for, you say, 13 years.

MCFARLAND: 12 years.

Q: And then you moved to Austin.

MCFARLAND: Yes.

Q: For good reason. To be close to family.

MCFARLAND: Well, by the time I left, the insurrection was, for all practical purposes over. That was just before we left. Another small guerrilla group, MRTA, Movimiento Revolucionario Tupac Amaru, stormed the Japanese embassy during a diplomatic reception.

Q: Oh, I remember that. That's a very dramatic incident.

MCFARLAND: That was just before Christmas.

Q: You were there.

MCFARLAND: Yes. Early December, I guess, and took all these hostages. We were still there, but we were not close to it. We'd had dinner near it a night or so before. But we were by this time moved out of our house and were in a furnished apartment we'd rented to stay there during Christmas, and then after Christmas we'd planned to move on. At any rate, that was the only security problem, apart from just plain crime. Peru suffers from the problem of respect of government. We have never really suffered from it, but we are starting a trend toward lack of respect toward government and lack of respect of laws, for authorities, generally. It started during Vietnam, I think. It's at a far more extreme state of development in Peru, and I hope it doesn't get that far here. But in Peru there's practically no respect for authority. The police are corrupt and forfeit all respect. You get pulled out of the car for going through a green light, and the policeman claims it was red and wants to be paid off.

Q: Does this compare with Mexico? Do you know enough about Mexico?

MCFARLAND: Mexico is worse. The police there are actually carrying out a large percentage of the crimes. In Peru they may be conniving with the criminals, but they are not themselves the criminals, in most cases. In Mexico there was all these.

Q: So you came to Austin for other reasons, returned to Austin.

MCFARLAND: Well, I was fed up with Peru for a good many reasons. One person asked me what I most missed about the United States, and I said, "I miss the bureaucracy and the police." And that's absolutely true. People complain about the bureaucracy and the police here, and they don't know how good they are.

Q: Because here they are service organizations.

MCFARLAND: Exactly.

Q: Here they provide services.

MCFARLAND: Exactly.

Q: To the taxpayer.

MCFARLAND: And if you're not satisfied, you can complain.

Q: Yes, and you can throw the rascals out.

MCFARLAND: That's right, and there, to begin with, you can not pay a bill by check through the mail, first, because it would be stolen by the post office employees, and second, because even if remotely enough it did arrive they wouldn't honor it, they wouldn't believe it. Nobody there writes real checks. There's no point in trying to cash it because it would be returned without funds.

Q: It's very hard to live with a pocket full of - whatever they are, dinars.

MCFARLAND: So you go to the bank or to the government office involved or for some things, like utility payments, you go to drugstores and make your payments there. But everything has to be done in person, so there's an awful lot more traffic on the streets and millions of man hours lost. And then the bureaucrats themselves are extremely whimsical. I understand that France has the reputation of the worst bureaucratic country in the world. Well, these people must have taken lessons in France. They have the same whimsicality I've heard about, and that's every bureaucrat making his own decision, variation on what the rules are. Maybe you catch him in a good moment, and maybe not. I remember, the last several years my wife had to do all of her dealings with the government offices because I became enraged. Another thing is the traffic. I am a safe driver, a careful driver, and I frankly regard it as a threat to my life when somebody runs through a red light at me or fails to honor a stop sign when I'm crossing the street and come close to hitting me. I grow irritated. And so my wife started doing all the driving in the city. And it's not only Americans who get road rage there. I had a Peruvian spit from his Volkswagen at my pickup as we were both snarled in a traffic jam and shouting insults at me, which I couldn't hear - just as well - and finally the little man got out of his Volkswagen taxicab and drew this enormous screwdriver from behind the seat and was apparently challenging me to a duel. What he didn't know was that I had a 380 automatic. I was returning from the beach, and I always went armed when I went out of the city because of the danger of highway robbers. And of course I didn't draw it; I didn't do anything. If he had had a pistol and had drawn it and fired it at my family, I would have shot him as quickly as that. I'm a good shot. And I was psyched up to fire if we were attacked, but only if we were attacked.

Q: That's a difficult situation.

MCFARLAND: Yes, it's hard to train, but I trained myself well. And you don't draw unless you're attacked. You don't show your weapon. I had that bit of insurance just in case.

Q: Now you don't have that here. I mean, those are things you left behind. Those things you described you left behind. You're here, and you're content.

MCFARLAND: Yes. There is a sense of safety here. People complain about threats. This is a far safer and more trusting society. In Peru you simply cannot leave things outside, even a garden hose, much less a bicycle. People will run off with it. They'll occasionally steal bicycles here, but not garden hoses, not lawn furniture. Even plants. And perhaps that has something to do with

the stage of economic success that we have. It's just not worthwhile. But there it is worthwhile.

DONOR M. LION
Mission Director, USAID
Lima (1986-1989)

Donor M. Lion was born in New York on May 3, 1924. He obtained a B.A. and a Ph.D. from Harvard University and an M.A. from the University of Buffalo. He joined USAID in 1963 and served in Brazil, Jamaica, Guyana, Pakistan, Peru, Dominican Republic, and Thailand. He worked in the Program and Policy Coordination Bureau, the Latin America Bureau and International Conferences and was Chief Economist in AID in Washington, DC. He retired in 1989. He was interviewed by W. Haven North on June 25, 1997.

Q: You were assigned as mission director to Peru in what year?

LION: 1986.

Q: What was the situation in Peru at that time?

LION: The economy seemed to be doing pretty well. They had a new dynamic president, wonderful speaker, good-looking, he used to sing on the Left Bank of Paris when he was in France, something of a womanizer, they said. A lot of charisma, really.

I mentioned the economy apparently doing well because it hadn't been doing well before that president came into office. Peru had not been doing well for decades. Also, there was a very lively, strong threatening terrorist group called Sendero Luminoso which was a rural-based organization that was really threatening to undermine the government. The government wasn't doing very much about it, couldn't afford to do very much about it. And also, corruption hurts. Police and the military, to some extent.

The government's economic policies were mostly inspired by some Argentine economist, whose name I forget, but it tended to help the rural areas more than the urban areas. But there still was in Peru, as there had been for generations, the usual gap in the third-world countries between the small elite well-to-do and the majority of the masses, the majority of the poor. Lima, as the major city, was surrounded by several million people who lived in terrible slum conditions.

So, there was the security situation, there seemed to be a relatively good macro economic situation with the rural sector doing relatively well. A very popular president. That's when we arrived in September '86.

Not too long after we arrived, however, the economy started to break down, to deteriorate. The policies were not sustainable. Also, foreign assistance, external assistance and foreign private investment were constrained by the politics of the Peruvian president who was anti-IMF and

seemingly anti-US and somewhat pro-Cuban, etc. So, it was not, what I would call, a sustainable equilibrium environment.

Q: What were the causes for some of the breakdown in the economic situation?

LION: The price structure was messed up. Which is to say that it did not result in a sensible allocation of resources. The private sector was limited, constrained. A lot of capital was leaving the country, there was a substantial capital flight. Entrepreneurs and business people were leaving the country and moving to Miami or some place in Florida or elsewhere, at least temporarily. While I was there, the landlord of the house that we were renting sent his family to Florida, including their household help. He was a pretty well-to-do guy.

There was also something else that pushed people out. That was the kidnapping threats to the wealthy or the business people. It was a frightening kind of thing. It was a deteriorating situation and before long it really got very serious. The economy started to nose-dive. Not only was it not growing, the GNP was actually declining.

We tried very hard to push the president and his party to reasonable policies. We tried to encourage dialogue with the IMF and the World Bank. And there were starts. These people, the APRISTAS, it was a party, it was a party which had been started 50 years ago, but had never been in power. The APRISTAS, some of them, especially the president, knew how to say some of the right things, as well as some of the wrong things. So they would start negotiations, say with the World Bank, on a package of assistance given a range of reforms, but it never came off. The economy collapsed, the president was increasingly under pressure, accused of corruption. Rightly so, it was one of the most corrupt regimes in Peru. A man who came from the quote "liberal, sympathetic to the poor, pro-democratic" sector turned out to be a corrupt, dishonest president. It was very disappointing.

Those of us who watched Peruvian and Latin politics and governments over the past decades, especially when I was involved with the Alliance for Progress, had high hopes for the new APRA government when it came in for the first time.

Another thing that I learned, and it was brought out again in Peru, was that a party which had not been in power for decades, does not always train for governing when it is an opposition group. There is something to be said, I think, for conscious training of opposition party people in the art and science of governing and managing.

So, not only did these people not have the kind of experience that you need to govern well, but they were also corrupt. They turned out to be using political power for the same purposes that most of the political leadership over generations of Peru did, which was place people in positions, patronage, relatives, family, money, all that sort of thing.

This was a little disappointing in general but specifically in a place like Peru which has such enormous potential It's rich in natural resources. It can grow anything that's grown anywhere in the world because it has so many different climate zones. The Sierras, the mountains, the high plains, it has tropical forests, etc., etc., etc. It also has other sorts of resources aside from fisheries

and diversity of climate. Fantastic people. Also, a lot of the Peruvians have educated family backgrounds, modestly wealthy. Good training, elsewhere, so they had some good trained people. And some of the people we worked with, even though they were in the APRA government, were good, very talented, very competent, thoughtful.

So, here's a country with grand potential and not doing very well.

Q: What was the program like when you arrived? What were we doing?

LION: We had a Food for Peace program. And we tried to use the counterpart for the usual things -- helping to finance the local cost of our projects and also for a little budget support, here and there. We had a strong agricultural program which included a strenuous effort at building the agricultural university in Lima which generations ago was one of the best learning institutions, college, higher education institutions in South America.

Incidentally, when we got there, the president of the university was Fujimori, who is now president of Peru. He was not very helpful when we were working with his university. He seemed to be, from a distance, I met him a few times, he seemed not to be open to other people's views. He did not seem open to reform, at the time. So, when he ran as a candidate for president, virtually unknown in the country, we didn't give him much chance.

We had a family planning population program, which was pretty tough because there were strong anti-family planning forces in the country, including the church. We had a very satisfying program called the Andean Peace Scholarship program where we would send groups of people, poor people, people from the rural areas, to the United States for several weeks. They would come back and they would have had some training, they would have been in a university setting most of the time. They'd come back and we'd be helping them to do more of what they were doing, or better than they were doing, or work if they hadn't had before. Very satisfying program. But that's part of the total training effort that we supported everywhere, in all the countries we'd been in. And I think most of believe, (it) may be the most valuable thing we end up doing.

Q: What were you trying to do with the program out in your area?

LION: One of the things I spent about 50% of my time on was to keep the money coming. Because when a country does not repay debts to the United States, you can't disburse any funds. The Peruvians were in tough shape. Their balance of payments was in chaos, their reserves were down, they weren't paying us, they weren't paying the World Bank, they weren't paying the IMF.

And most of the time we ended up doing it until 12:00 midnight, maybe we missed it by an hour or two. But the Central Bank people tended to be cooperative. It meant that the Ministry of Finance and the Central Bank had to do things that they hated to do. We justified it to them on the basis that they would be getting more than what they were paying. It turned out that was the case when you considered PL 480 which was about a ten million dollar program, technical assistance and grants were maybe another fifteen million dollars. If I recall, it was around a

twenty, twenty-five million dollar total effort.

Washington was very supportive of the Mission's efforts. Bending the rules a little, not breaking them but being flexible with that whole issue of debt repayment.

Q: What was our interest in preserving our program there?

LION: Peru was the fourth largest country in South America. It was a democracy in the sense that they had free elections. They had a serious Maoist terrorist effort. But perhaps what was, or should have been, our most important concern was that Peru was the largest supplier of coca for cocaine. Most of the coca, at the time we arrived, was being produced, processed into paste, coca paste, and then shipped to Columbia where it was further processed into cocaine. Then the crack.

So, our interest was to try to keep the Peruvians working hard in the anti-narcotics efforts. They certainly couldn't do that if they had to bear all the costs without receiving assistance. So, our assistance program had an anti-drug motivation, it had an anti-Communist terrorist motivation, it had a pro-democratic democracy motivation. It had the motivation that is suppose to drive AID to begin with, which is growth and development especially for the poor. Peru provided a great many reasons for US assistance.

You could see that it added up to several US interests in a significant bilateral assistance relationship.

Q: What was the strategy for the drug prevention process?

LION: We never really did it right. We never really tried to do it right, in my opinion. Early on it was a crop substitution program. Most of us in the business knew that that wasn't going to work. Then it was a kind of somewhat more ambitious but not a real area development program. We never put enough money into it. The Peruvians couldn't afford anything. The soldiers, the military who were suppose to help out against the terrorists were paid ten cents a day. The police were in equally bad shape. There was some corruption, as I mentioned earlier on. So, although we were trying to do well, we weren't doing the right things and didn't have enough resources to really make a difference.

Toward the end of the time I was there (we arrived in '86 as I mentioned and left in July '89), in early '89, I came up with a proposal within the embassy to submit to Washington. A proposal for an Andean regional anti-narcotics program. I felt not only couldn't we do it in one valley, which is something the USG had been emphasizing all the time, the Upper Huallaga Valley, and not only through other parts of Peru, but you had to do it in the region. Bolivia was a grower of coca. Columbia, to some extent. Ecuador, to a minor extent. I said you had to work on all these countries in an organized systematic way and came up with a proposed Andean region approach.

It was pretty ambitious because it had not only anti-narcotics, it had pro-development, it had assistance to the military in these countries and to the police. It was an economic, social, I shouldn't say political, but multi-sector approach to these countries. The embassy liked it. The proposal that I made included sending a draft to the US embassy in Bolivia, in Columbia,

Ecuador and maybe Venezuela which was also involved, if not a grower, then a financial middleman and maybe a mover of commodities. These embassies commented and we put it all together in final form and sent it on to Washington.

I saw, a year or so later, something was passed in Congress that the administration had sent to it, called the Andean Regional Anti-Narcotics program. But what happened, as happened so often, is that it was inadequately funded. The amount of resources that we indicated were really necessary wasn't even closely approximated. You can't really make a difference in a regional economy unless there's a lot investment. Unless there's infrastructure, unless there's training. If you want to get the farmers out of the business you have to sustain them for a year or two while they're trying to grow new crops and other things. You've got to have a substantial marketing effort.

You've got to do it right. And we didn't. And we haven't, anywhere. The only place, that I may have mentioned in our previous conversation where we seem to be "successful", quote unquote, was in Pakistan. There we succeeded not only in cutting the production of opium poppy in the Gadoon Amazai, but also unintentionally succeeded in pushing it elsewhere. That's where I really learned, on the ground, that you can't work just in one country. You certainly can't work in one valley or one part of the country as we had been trying to do in Peru for years.

Q: Pakistan, I think, was partly due to the fact that the government, itself, or the upper class, was frightened by the poppy threat and therefore made more of a commitment.

LION: That's right. They were worried because the elite's children were getting addicted. That meant they willing to cooperate in sanctions, or what we call enforcement. But they weren't prepared to stop it all over the place. They weren't able to. And even if they were, there was Afghanistan and the guerrillas were our colleagues, our friends, our allies who were growing the stuff to finance their purchase of arms. So Afghanistan became a major producer and still is.

Q: What do you attribute the success in Pakistan to, mainly?

LION: In that one valley? I think I mentioned, we were able to do a number of things that were of interest to the inhabitants, outside of agriculture. Whether it was irrigation, or health activities, education, or whatever. But we also were able to find crops that were out of season for most of the rest of Pakistan, tomatoes and onions as I recall. These are high-value crops. Together with the willingness of the federal, the central governments and the state provincial governments, which were really, as I mentioned, quite powerful, plus these non-economic development incentives, plus reasonable good prices for substitutes, all together ended up moving the stuff out of that area. It also might be that they felt that those who were responsible for growing the opium poppy, felt that their time was up in that area because of all the attention that it was getting and there were plenty of other places to do it which were more secure.

Q: Why were we so halfhearted in the Andean initiative? Why do you think it never got that support?

LION: Over the years I've developed a cynicism as to how important fighting narcotics is to our

top leadership. President Bush declared war on drugs and increased the budget from a few billion to maybe five billion. Most of which was not spent on where the stuff was grown but was spent on trying to keep the stuff from getting into the United States. I have felt that this administration, the present administration, really hasn't a plan, no matter what the rhetoric is. Apparently, the American people really don't understand or care enough to insist that we do everything that we know how to do even if it's going to cost a lot of money and take a long time. This is a ten or twenty-five year battle if you want to do it right. It'll cost an awful lot of money.

Unfortunately, if we're interested in cutting it out in a country where coca is grown, we're going to have to provide most of the money. The countries that are the producers, the Burmas, the Afghanistans, the Perus, the Bolivias don't have enough money for their own development. And be more successful in internationalizing the anti-narcotics effort. We never really worked hard and systematically at that.

Q: What other dimensions of the program were you moving on?

LION: In Peru?

We talked about the drug program. We talked about the Andean Peace Scholarship program, Food for Peace program, Food for Work, cooperatives. We talked about the Family Planning program.

Q: Was the Food for Work an effective way to operate?

LION: It's a mixed bag. Sometimes it worked, sometimes it didn't. Invariably there were management problems, invariably there was losses of food at the docks. It didn't matter what country you were in, these things happened no matter how hard you tried to control it and keep it down.

Two food programs that I remember in my lifetime that seemed to work well were in northeast Brazil. One was when we combined it with a literacy program, and the other was when we combined it with stimulating, promoting, developing chicken cooperatives. We would provide the feed. Those two programs stand out in my mind as having worked fairly well.

The other thing we were doing in Peru, it was kind of interesting. We were concerned with environmental issues. Not only were the growers of coca denuding the hillsides of the Upper Huallaga Valley, so that you fly over it and you'd get sick when you see the bald hills. It was terrible. When Dwight Ink {Latin America Bureau} flew over he became a strong proponent of environmental initiatives. It was so shocking. Not only were we concerned about what was happening because of the narcotics problem to the forests in the hills, but tropical forests in Peru were being decimated. Part of Peru's territory is part of the whole Amazon region.

The previous Mission's staff had come up with a proposal and a project that represented somewhat a new approach to tropical forest management. Commercial production plus renewal. The technology was to cut a swath, about fifty yards wide and a mile long, for commercial purposes and let nature replant. That happened beautifully. What we learned was that not only

will the seeds from nearby trees end up germinating but apparently half the trees that grew in this swath world grow from seeds that animals dropped, deposited. Either they're flying, birds, or they're some kind of four-legged beasties that traverse this area. Within five years we could see that not only were the same species being regrown but there were new ones, that hadn't been there before, from birds which dropped seeds or animals that had eaten something, miles and miles and miles away. So that was a technology that seemed to be working but I wasn't there long enough to see the results.

Q: There had to be some control of the cuttings.

LION: Of course, you're not going to let too many trees grow per square foot. There had to be some management of what was happening. But it was happening. We were also helping to construct a cooperative there and a sawmill for the commercial production. That seemed to be going pretty well when we left. I don't know what has happened to it since, but it was considered to be a sort of a breakthrough in the technology of tropical forest management.

So, we were pretty busy there. Working on the narcotics problem and working on getting them to repay, working with Washington to get them to move money, PL 480. That took up 90% of your time and you worked very hard the rest of the time.

Q: You mentioned the problem with family planning, what were you able to do in family planning?

LION: We had some problems. We were trying to push the social marketing approach, as everybody does. We were trying to stimulate a private-sector approach to the production and distribution of contraceptives. We had a very good NGO that we'd help to establish, very active and we had some very good leadership that was making some good, very reasonable progress.

I should mention that there was an organization we helped found in the narcotics effort which spent its time on education, publicity on getting the word out to the communities, training people -- very good effort, an ongoing effort. That was a productive, rewarding effort.

Q: How were you and the embassy getting along on this situation?

LION: I think I mentioned that I was nominated in '86 for Honduras and the ambassador-designate said, "No." So I ended up in Peru with John, who was in Lima, going to Honduras. That couldn't have happened unless the person who was going to Peru as ambassador wanted me there. Alex Watson, with whom I had worked in the ''60s, he in the consulate in Bahia, and I was up in the northeast Brazil as the consul general and the AID director. So I got to Peru before he did, actually. That was only because he was able to get the Inter-American Bureau and the State Department to say "yes" even though one of their ambassadors said "no" for another assignment. He had to work on that, apparently, for a week or two. I don't know what he did but he swung it.

We were acquainted, we liked each other from way back. That helps. You can't beat that.

But, for the rest of it. It was one of the best situations in terms of embassy-AID interagency collaboration. You couldn't have asked for a more collaborative group. Alex, himself, stimulated this kind of thing. He's very open, relaxed, informal, very bright, so people respected him enormously and were fond of him. That's a nice combination.

This proposal for a regional approach that I mentioned? Was thoroughly endorsed by every other agency. The people who reviewed the proposal made some useful suggestions. It was a team effort. It was fine. That's why I think even though there are some natural, almost institutional, reasons for some sort of conflict between State Department and AID, even though that's there, if the people are of a certain sort, that stuff doesn't matter. If people get along, like each other, respect each other, don't have any hang-ups or biases and so on, there are a lot of people in all these agencies that meet that description, just as there are those who don't. If you happen to find that most of them do in the place that you're stationed at, you're in good shape. And we were in Peru.

Q: So, you later retired in Peru?

LION: I retired in Peru. I had a differential there. It made a lot of sense to do that rather than come back to Washington and retire. My 65th birthday occurred in May. AID has been sticking itself, stabbing itself on this issue for years. I like to think I was still productive and active, whatever, and could have continued to make a useful contribution. And the ambassador wanted me to stay on. But they only let me stay on until July 1, to accommodate our two children in school.

I should say something about Fujimori, the Peruvian president. When he first threw his hat into the ring there were two candidates of importance. One was Peru's outstanding writer in literature; the other was the incumbent president. Sorry, not the incumbent but someone from within his party. It was clear that the opponent of the APRISTAS, who was a reformer, was a kind of candidate that the US government would be very happy with. It looked like he was going to make it. Even though he was from the elite, clearly didn't identify comfortably with the poor and the common man, but sympathetic. He was talking about IMF and World Bank reforms and stuff like that. Looked like he was going to make it.

Along comes Fujimori and he throws his hat into the ring and an early poll showed that about 5% of the people knew about him and would support him. But he won. He won because people could identify with him, the masses, the poor, the majority of the people could identify with this guy. They didn't like the Apristas because Peru had gone to hell in a hand-basket with it. They couldn't identify with the elitist moderate reformer either.

So, Fujimori who had been thought to be, from his campaign, a person who would oppose the reforms that the reforms candidate was promoting, ended up accepting them, buying them when elected, and instituting them in Peru. It was really an amazing turn-around.

Q: Were they good reforms?

LION: They were important things to do.

Q: Such as

LION: Prices was one of them. An aspect of this fellow's government was that he was pretty arbitrary, pretty dictatorial, especially with the congress, which he eventually disbanded. He arranged for elections and his people got elected. Along with the economic reforms, there were some political changes which were not exactly in the democratic tradition. However, the press remained fairly free in Peru. You had an anomaly of a very popular dictatorial type of president who had been freely elected, adopting reforms that seemed to help Peru recover.

He also acted effectively against the Sendero Luminoso. The head of it, the founder of it, was captured. Today Sendero is still alive but not well and not nearly the threat it used to be. There is another terrorist group which recently took over the Japanese embassy. It never really was a major threat and it still isn't but it's also alive.

I wanted to throw that note in on Fujimori. He put Peru on the appropriate economic reformism path; he was responsible for somewhat questionable political development; and, he was effective against the major terrorist group. Unfortunately, the narcotics problem is still apparently very serious.

ALEXANDER F. WATSON
Ambassador
Peru (1986-1989)

Ambassador Alexander Watson was born and raised in Massachusetts and was educated at Harvard and Wisconsin Universities. In 1962 he joined the Foreign Service and was posted to the Dominican Republic, the beginning of an impressive career specializing in Latin American Affairs. His other overseas posts include Spain, Brazil, Bolivia and Colombia, serving as Deputy Chief of Mission in the latter three countries. He had several Washington assignments, the last being Assistant Secretary of State for Inter-American Affairs. From 1986 to 1989 he served as United States Ambassador to Peru. Ambassador Watson was interviewed by Charles Stuart Kennedy in 1997

Q: Today is February 15th, 2001. We moved back to 1986. You're off to Peru as what?

WATSON: As ambassador.

Q: As ambassador. Now how did that come about?

WATSON: Well, let's see. '86 was, that was the second Reagan administration and I guess they were replacing ambassadors that had been put there in the first Reagan administration and the departing ambassador was David Jordan, who was a professor at the University of Virginia, and the embassy was in serious trouble at that point. I don't think it's fair to go into any great detail.

Q: Well, let's talk about it. I mean, what do you mean by serious problem, because I'm trying to get across the idea of problems?

WATSON: The management of the embassy was absolutely chaotic. The ambassador and the deputy chief of mission were at each other's throats, almost not speaking to each other, and when they were they were screaming at each other. Some people told me, I was not there. The administrative counselor had a medical evacuation in the embassy, for stress as I understand it, and it was in chaos. Yet here was an embassy that was facing the Shining Path insurgents and the MRTA and major drug problems and it was really in difficulty. I know that simply because I was in Brazil and the deputy assistant secretary who was responsible for working with our embassy in Peru had to go down there on an emergency basis to try to straighten this out. I can't remember quite why, but for some reason he talked to me, even though I was in Brazil, about it. There was a substantive reason for doing that, but I can't quite recall now what it was. It wasn't just gossip.

Q: Was this personalities or was it career versus non-career?

WATSON: Both. It was non-career and career. I'm a little uncomfortable going into this in too much detail at this point. My knowledge of it, of course, is about the time before I got there, is secondhand.

Q: Yes, but of course you came in. I mean were you sort of given the task of cleaning up the mess?

WATSON: I had a reputation that, yes, I think I had a reputation of being deputy chief of mission three times and, as I mentioned before, in my time in Bolivia, the 24 months I was there, I was chargé for 18 months. In Colombia I think it's fair to say that I did a lot more things and did a lot more things outside the embassy, a lot more relating with the government at various levels that many DCMs do. I was one of the senior guys dealing with Latin America in the Department at the time, again, so I think it was a principal deputy to secretary. _____ called me up and asked if I would be interested, and of course I said, yes. Then the nomination prospered.

Q: Did you have any trouble with the confirmation hearing?

WATSON: Yes. I had to wait a long time compared to what some people had to wait. It wasn't that long, but long enough so it started to become a financial burden, because in those days – and it may still be the case – you do some temporary funding to come to Washington and housing. Okay. They can have this room now. They said it was reserved for somebody else and no one is in it, so I said, "I'll take it until they throw me out."

Q: You were asking about confirmation at that point.

WATSON: I don't remember even what the reasons, but it took quite a number of months to be confirmed. This was the same time that Melissa Wells was being held up by Senator Helms as ambassador to Mozambique. I think it was over a year, even though they have quite a

conservative administration, the Reagan administration, and quite a conservative fellow in Senator Helms. But he was violently opposing any effort by the U.S. government to bring about peace in Mozambique in the throes of a civil war if it meant dealing with the left wing, perhaps even the communist regime there. In any case, there was a lot of this stuff going on. I don't recall if there was anything against me. I think my hold up was just a function of the general problems there. I did not actually get to Peru until November, right around Thanksgiving.

Q: November of '86?

WATSON: Of '86, and left Brazil probably in July or August.

Q: Before we go into what you did there, what was the situation you were getting into?, You had heard when you were in Brazil and you were obviously talking to the desk and reading your way into the situation. What was sort of the political economic situation in Peru?

WATSON: In Peru at that time, there had been a military regime at the time of a coup in '68 until the return of elections in 1980. In 1980, the fellow that was thrown out in '68 won the election and came back in, Fernando Belaunde. Then there was an election in, I guess it must have been '85, when Alan Garcia of the Alianza Popular Revolucionaria Americana (APRA) party was elected president with quite a strong majority. He was a very handsome, dashing, articulate, young guy in his '30s that really had the whole world at his feet at that point, but he blew it. In any case, that's how it was. He had visions of being –this may sound a little crazy – he had visions of being something like a second _____, a person that would be the real leader of the hemisphere for his time in office around which everybody would rally. In order to do that, he took a nationalist point of view on things, not quite realizing that that had become a little bit passé in most places in Latin America at that time. That's partly because his experience was so narrow that he focused on this one party, the APRA party, that denied election back in the '60s.

Q: This is the workers party?

WATSON: No, it was a middle class nationalist party. In fact, you might even think that its moves in someway stemmed from fascist parties in Europe, although it would be very unfair to call it fascist, but it came out of that kind of middle class thing and it became sort of, it was one guy who ran this party, Haya de la Torre, for 30 or 40 years. It was a party that was perceived to be of the democratic left. It was a party that got a lot of support from the U.S. government one way or another over the years. It was a party that was in some ways a little bit like a cult as opposed to being just a party. They had tried to develop their own ideology and _____ had for a long time been imprisoned in exile in the Colombian embassy in Peru and the military was after him. He lived in Mexico and others. He had dreams of being a real leader in Latin America himself, and he was to a certain extent. There wasn't anyone quite like that around and it was a party that was the least effective political party, some real ideology and some ideas unlike most of these things with a temporary person ____. Whether you think of it or not, that's another thing, but it was a legitimate and probably the only real party in Peru. It was denied election. It won the election in '62 and the military stepped in and stopped Haya de la Torre from coming to power and they had another election in '63 and that's when Fernando Belaunde came to power the first time and he was overthrown in '68, as I mentioned. I think this history is important to

give you an idea of where Garcia is coming from. So, these guys came to power in '85 sort of with a mentality much more focused on '62 or '63. You have to remember that Fidel Castro was out there and perceived in those days to be kind of exciting. It was for quite a while. You see the many quarters in Latin America to be the wave of the future and an exciting personality and that kind of demagoguery and power and capacity to take on the U.S. and everything and was attractive to a lot of people including _____, even though _____ had gotten a lot of support from the U.S. government over the years. In any case, that was the case as Garcia came in then, and I'll tell you what he did in a minute. But, the reason why it's important to talk about the end of the military regime and the beginning of the return to a civilian democratic rule in 1980 is that that's when the Shining Path came out of the closet, if you will. They had been working up there in San Cristóbal of Huamanga University in Ayacucho for years training people and they had not become a violent, subversive group until the democratic election. I think they saw it as a military situation which was a leftist radical military situation, a very unique experience in Peru, but they screwed up pretty early on and they became extremely corrupt and they shifted from the leftist thing to a more moderate thing and then into democracy. I presume the Shining Path thought that the longer the military regime was around, the better for them. When they moved to democracy, that's when they came out of the woods and started killing people and setting off bombs. So, you had Garcia taking office and the Shining Path is already pretty powerful. You had the other group, the MRTA (Tupac Amaru Revolutionary Movement), which was more of a traditional, if you will, Castro-like leftist group. The Shining Path, as you may be aware, the leadership there was trained in China and even there at the same time as Pol Pot and his people were there. I tried to find out, but I never could establish whether Guzman, the head of the Shining Path, was in the same place at the same time as Pol Pot. But their thinking was similar.

Q: Pol Pot, who was the Cambodian Khmer Rouge.

WATSON: Cambodian Khmer Rouge. Absolutely.

Q: But there were certain elements of absolute ruthlessness.

WATSON: Absolutely. Absolutely. I mean they're not identical by any means, but there were similarities. I just wanted to say, without overstressing this point, to try to make sure that it's clear where in the political spectrum MRTA was. Garcia came into power and the U.S. government sent the Secretary of the Treasury, James Baker, to be the head of our delegation there. In his inaugural speech, Alan Garcia announced that he wasn't going to pay his foreign debt. Unilaterally, he's not going to do that because he couldn't afford it right now. That got him off on a terrific foot with the Reagan administration, as you can imagine, or any administration would have reacted the same way I think. When Jim Baker came back, he made sure everyone knew what we thought and he thought and everyone else thought about this performance.

Then I remember there was a time Alan Garcia went to New York, to the UN General Assembly opened in September. This was probably in '86. There he met George Shultz, who did not take a shine to him either. Here you had perhaps two of the most important figures for foreign policy in the U.S. government in the Reagan administration thinking bad things about Garcia. Meanwhile, of course, the narcotics industry was burgeoning there, basically run by the Colombians, but with the Peruvians providing a lot of the raw materials, as were the Bolivians. The Bolivians, to a

greater extent than the Peruvians, ended up with their own supply groups that they owned up to a point, and the Colombians seemed to tolerate until they got too big and they'd come in and blow them all away. In Peru, as far as I can recall now, it was sort of like a colonial relationship in which the Colombians had all of the money and the power and production facilities. The Peruvians had coca and they are the first two levels of processing from leaf to base to paste to base and then move that to Colombia for refining or some refining done with the hydrochloride in Peru, but most of it was done in Colombia. So you have a government that comes in with a strong popular mandate, led by a very attractive young guy who has been brought up in kind of a cult-like situation, so he starts to see himself as _____'s successor in every way, as being infallible and all that sort of stuff. You have the narcotics industry burgeoning. You have the economy staggering along and you have two violent guerrilla groups in activity in the country. You have a military that has only shortly before left power. I think that's sort of the end of it. Peru as a country is, as far as I'm concerned, the most interesting country in all of Latin America, certainly one of the most complicated and one of the most conflicted. I used to see it in a rather simple way as the country with three different fault lines. One was the coast, which is inhabited largely by European immigrants and the highlands, rich and poor and ethnic Europeans and the indigenous people. Those fault lines were all superimposed on each other with enormous stress there.

Q: When you went out there what were American interests?

WATSON: I can remember participating and actually drafted my own instructions to myself. It was a long time ago, but certainly to try to strengthen democracy and avoid any other return to power of the military in Peru. It was certainly to try to get the Peruvians to pursue rational economic behavior, which would include getting back into the good graces of the global financial community, which it was not after announcing this debt default. It was of course to work on trying to find ways to reduce the narcotics trade and industry in Peru.

Q: How about the Ecuadorian? Was that an issue at that point?

WATSON: No, not really. There were all these tensions between Peru and Ecuador and we were interested in not seeing those flare up, but they weren't one of our policy objectives. To Garcia's credit, I mean he now has such a bad reputation and no one gives him credit for anything, but he deserves credit for two or three things none of which worked very well, but the intentions were there. If I recall correctly, he sent his foreign minister up to Ecuador. It was the first time that something like that had happened in a long time, trying to look for ways to resolve that. He also took similar steps with the Chileans and actually got quite a ways to resolving some of the questions with Chile at the southern border, which were residual from war years ago. Still, there was a lot of tension and hospitality about a territory that was formerly Peruvian and now in the hands of Chile; not as much as the Bolivians, who lost their access to the sea, which is still a mantra there, but still important. Garcia did a couple of other things at the beginning of his administration which I think made sense, at least in terms of their intentions. One of them was to try to strengthen the rural economy that the indigenous people live in by and large, and by raising the prices of food stuffs to the price of production and things like that. In fact, if I recall correctly, this policy did produce much greater harvests than they had had in the past. These guys could get their return for their labors and he also tried to direct income into the more remote

areas of the country by just budgetary transfers. The trouble is, if I recall correctly, they did it largely through their own political party and so it got sort of lost, dissipated off into little areas and maybe into peoples' pockets and things like that rather than fundamental development and infrastructure and other things that were investments that were needed out there.

The third thing, he did a much better job than _____ had done of reigning in the military, which had been involved in lots of rather serious human rights violations. The Garcia administration was, nobody was perfect in this regard, he made a very strong effort to bring the military under control and to stop this thing. ____'s efforts worked very well, as I said, transferring the funds out there largely participated in the peoples' pockets, strengthening the party more than the people, although some of it must have gotten to the people. The price supports can only work as long as you've got money to pay for them. You can't pay what you have to pay to have the price supports work, all of a sudden you're out and you break the bank. He did a little bit better, but then on the other hand, he did get into some difficulties where there were lots of rumors about forthcoming military coups during this time. That was kind of the situation and I can talk more about any aspect of it.

Q: Well, first, let's see, you went out there, I take it probably number one on your agenda was to straighten up the mess in the embassy?

WATSON: It was one of the important things on my agenda, but from a policy point of view, the people, certain people in Washington, cared about that, but the administration per se at the upper levels, that was just the way.

Q: Why don't we just take care of that side. Did you get rid of people or just added new personalities?

WATSON: A couple of things. It's important to note, yes, first of all, I brought in a new AID director, not that the AID director who had been there was a problem at all, but he was excellent. John Ewell, and I was really looking forward to working with him, but AID snatched him out of there and sent him to Honduras just before I got there. I asked one of the most senior AID guys, a guy I'd known from my days in Brazil, had been in one way, a certain way, probably one of my many bosses there when I was consul in Bahia. He had come down to be the AID director. In the beginning you had two of us there. I also had a new political counselor that came in that I did not pick, but turned out to be excellent and is now the current ambassador there.

Q: Who was that?

WATSON: John Hamilton, who had just gotten there before I did. There were some other people.

Q: The DCM, was he?

WATSON: The deputy chief of mission was John Ewell, who was a very able officer and he had good connections out in the town, but the problem with John was that he was too much an element of the previous problematic situation, frankly. As far as I was concerned, he had to move

on. He did move on to become political advisor up in _____, but another person, Doug Langan, came in to be the deputy chief of mission. Then in the natural course of things you had other people throughout the mission. But I can tell you, when I got there, this is one of the more dramatic things in my career in a way, at least as a bureaucrat. I got there and the first thing I did was I started to walk around and meet everybody and go to all these places and say a few words, meet with the heads of all the other agencies as well as the U.S. sections. I remember meeting with the DEA chief there, just the two of us, doors closed, and I would say with tears in his eyes, I don't think I'm exaggerating. He grabbed hold to the edge of the desk, leaned over and put his face as close to mine as he could almost and he said, "Please, Mr. Ambassador, do something. Give us some leadership. Tell us what we're doing here." I think that was symptomatic of what was going on there. I had a brand new administrative counselor, too, who was not perfect, but whipped things into shape. I had a new economic counselor. So, we had a lot of new people there and a lot of immediate issues I had to deal with.

First of all, it was getting the administrative mission of the embassy to work right. We got that going very quickly. Bear in mind in a place like Peru at this point, I'd already been in Bolivia, where we'd had civil wars and things going on and people being shot at, the embassy being bombed and all that stuff. I'd been in Colombia, one of the most violent places around, and dealing with security issues. There were few people in the Foreign Service that had more experience dealing with really heavy security threats and at that point the four most dangerous posts in the world were considered to be Beirut, El Salvador, Bogota and Lima. So, we had to get the security questions answered.

Q: The security was strictly the Shining Path problem.

WATSON: The MRTA.

Q: Oh, the MRTA.

WATSON: And potentially the narcotics guys. The narcotics guys were after us in Colombia, but the narcotics guys in Peru are mainly out in the jungles. They took a lower profile and they weren't coming after us, although we were going after them in the sense of sending teams and pulling out the coca and all that stuff. I don't have enough time to go into all this today, but we built a base out in the jungle and it's a very long story about that. It would be funny if it weren't sad, the incompetence of the U.S. government. In any case, we had a damn serious security problem, and this was shortly after the bombing of the building in Lebanon, where a great number of American troops were killed. George Shultz, the Secretary of State, took that very personally. He, for reasons not entirely clear to me, took that as his fault. Shultz, as I understood at the time, I recollect that the first thing he did every morning when he got to the Department was to have a security briefing of what was going on around the world. The fact that he did that was enormously helpful to me. I'd found a situation of enormous fractiousness, nobody obeying any authority, the security guys of course trying to put everybody under the astrodome or something so that no one ever goes anywhere and no one ever goes out. The AID people and you had the U.S. Information Agency saying, "well, no one is going to hurt our people, we're the nice guys. We're not the bad guys, like you narcotics people and besides, we have to have all these contacts with the people. We can't be stifled like this." Both positions of course are

ridiculous. My first job, I thought, in terms of managing the embassy was to get this issue under control. To do something before something really bad happened, which could easily happen. I remember using the following argument: The Secretary of State, the first thing he does every morning is to have this meeting on security. He cares desperately about this. He feels it in his bones. We have a very difficult job to do in Peru. It was a difficult country. Your assignment is extremely difficult for all these reasons I've just said. We are going to get support from Washington to do what we are going to try to do here. We absolutely must avoid being on George Shultz's black list on security. I don't care what you think about the security stuff, I'm saying to you, this is what we have to do. We had to be prepared and to avoid catastrophe. We have to do our jobs of course. We've got to work together to that end and we just can't sit here glaring at each other and being recalcitrant and fractious about it. Lo and behold that actually worked and we started a much better system for security of all of our people. It didn't mean no more incidents, we didn't lose a single person. We had some local guard people hurt by fragments of bombs that went off, not to get killed, but hurt and despite the fact, we were getting threats on a daily basis, including personally to me, and that kind of stuff. I felt it was a pretty sad start. Tony Walters came in to be the security officer and he did a good job. He got this message. He was firm and has good judgment, but was not trying to be absolutely totalitarian about it and made a lot of progress. So, we got the embassy machine working better, we got the security apparatus working better and we built a spirit of collaboration of the embassy team or the country team around rather clear objectives that we had. I think we did pretty well in that regard.

Q: Well, moving to you know, when you got your house in order, what about dealing with Garcia and the Peruvian government? How had that been done prior to this?

WATSON: Speaking of house, maybe I should add here for the heck of it. Before I went down there, all of the geniuses that deal with houses and the building and property in the State Department were telling me that we should not move into the embassy, the ambassador's residence, that it was falling down, it was a piece of junk, that I should just give it up and go rent a house somewhere else. Now, tell me, where are you going to find another house that's got, this is before all the Inman stuff that was coming. Still you need to have a place that is more secure. In any case, I found that troubling and so I called up Harry Shlaudeman, one of my old bosses and mentors who had been ambassador to Peru and he says it is the best God damn residence he'd ever lived in. He'd been the ambassador in Argentina, too, and he had a little palace there and everything. We went down there and found that the geniuses were nuts. Sure, the house needed some repair because, under the previous embassy management, none of the funds, the building maintenance, went to the residence of the ambassador. They went elsewhere. I don't think the ambassador actually knew that there were funds available. This is just what I heard. With very little funding and my wife and the general services officer following around in warehouses, there were all kinds of wonderful old pieces of furniture that had been deposited over the years that people didn't like anymore, finding huge bolts of cloth that had been ordered and then never put up. You could make those into curtains, slip covers and into all sorts of other stuff, also finding scouring through the budget to find all sorts of money that had come in under previous ambassadors and previous regimes to redo the kitchen and stuff and it never having been done. Money just sitting there, nobody is using it for anything. Not a large amount, but enough to make a lot of progress and turn the residence back into the way it should be; into a

very nice residence. I should mention that this residence was built in 1942 or so in Roosevelt's time. They built residences simultaneously, in Panama, Bogota, Quito and Lima. Each one quite different, each one kind of incorporates the architectural features of the country, same architect. This was a house that was built first of all with a basement. Most houses in Lima did not have basements. It was also built with a chain link skin inside the wall, if you can imagine this, a tissue of chain link that went up the walls over the roof and down to give it some strength for the earthquakes. It was the first building like that built in Peru. I sat down once with the octogenarian owner of the construction company who built it and he told me wonderful stories about flying all the way up to Washington to sign the contract and he found some old drawings in a warehouse and I had them framed and put up on the walls. These are the artist's sketching of what the major rooms are going to look like with elegant people standing around with cocktails in their glass, like something out of Beardsworth. Anyhow, we put it together, so the building had certain real important features such as this resistance to earthquake and of course a fairly large yard sat back quite a bit and the walls were very thick. That was very important because they did mortar the house while I was there, it hit the roof and fragmentation bombs. Now that I'm thinking about it, ripped the American flag to shreds, ripped the wooden balustrade on the top of the house into pieces and made about a three quarter of an inch dent in the concrete roof, and that's all.

Q: Who mortared you?

WATSON: MRTA. We had an eyewitness. The new AID office was set up there when I was there, diagonally across the street and across the park. One of the AID employees was arriving at work early and this all happened about 6:15 in the morning. He was arriving at work early and he saw the red, I think it was a Toyota, drive up. The guys jump out and sort of park, put the mortar down - I think it was four mortars in there - and fire them off. Maybe it was five, and they went up in the air. One came down in the street outside the residence grounds and blew up. One came down inside the residence grounds I think. One came down on the roof and one off and one went over the residence and into the high chain link fence on top of the wall surrounded sort of by bamboo and it went through the bamboo and was caught in the fence and was hanging low by one fin. It was a hairy moment when some people just slammed a ladder up there and ran up to grab this thing. They got a hold of it and it was interesting. It was Portuguese mortars.

Q: Out of Angola, maybe?

WATSON: My guess always was yes, they were Portuguese, to Angola, to Cuba, to MRTA to Peru, my guess. We had analysis of it and I don't think we can actually prove that, but that guess of mine seems to be pretty much on target. This is very late in my time. I'm getting way ahead of my story. There are a lot of tales.

Q: We'll come back, we'll take our time in Peru here. When you were there, what was the government when you first arrived?

WATSON: Well, it was amazing. I had had a dinner up here hosted by the Peruvian ambassador in Washington who still lives here, a long time representative of Peru, I think at the World Bank or Inter-American Bank, and I think he had been an employee of one of the banks for a long

time. A wonderful guy, and I met some Peruvians and then went down there. I got there and Garcia would never receive me to accept my credentials. I got there maybe the first few days of November and I'm sitting around and sitting around, being very scrupulous not to do anything public until I presented my credentials, knowing that this was a very tricky situation, a volatile president. I didn't want to start off on the wrong foot and no indication that he was ever going to receive me. ____ subsequently, then _____ came down to participate on Thanksgiving Day in a panel organized by a nonprofit organization there which was sort of a foreign policy think tank, like the Council on Foreign Relations here, and I was to appear on the panel with him. I said I'm not appearing on any panel until I present my credentials. So, ____ went to his boss, President Garcia, and said, you've got to receive Watson's credentials so that we can go ahead with this program. This is ridiculous. He can't do it. The night before Thanksgiving, Garcia decides he will receive my credentials the next morning. So I have to inconvenience the people on the country team that accompany the ambassador to present the credentials on Thanksgiving Day and go there and sit down with Garcia and his foreign minister _____ and _____ was there and talk to these guys. Garcia was extremely charming, gentile and nice. I remember sort of one remark that _____ who was fairly short and I'm six five. Garcia was about six four or five and _____ the foreign minister was about six. John Ewell, the deputy chief of mission, came with me, too. John is probably six three. There we are and _____ made some comment about the height and I said, "well, it seems to be that the foreign minister is the tallest," which happened to be true and Garcia said, "No, Mr. Ambassador, I want you to know that in Peru the president is one centimeter taller." I thought oh, I see what's going on here. It was a joke, but there was something, that kind of a joke indicated _____.

Dealing with the government was quite difficult. Despite trying a lot, I never managed to get the kind of intimate relationship with Garcia that ambassadors sometimes get with the local or the presidents of the country. He clearly wanted to keep us at some distance. He would call me up every now and then and I'd go over and we'd have these meetings one on one and he would usually receive important visitors that I had and that kind of stuff and try to regale them with spellbinding skills and that kind of stuff. It was very difficult. It was an extremely difficult government with which to work. On foreign policy issues there would sometimes be contrary views because they wanted to sort of step out and not look like they were following the U.S. and that kind of thing.

Q: At this point, was this more an effort to sort of show a distance to the United States? Was this the way he dealt with other people or was it just the United States?

WATSON: There was no embassy that was close to him. No, I think there was no ambassador any closer than I was, but he kept everyone at a distance. He was busy doing his domestic political wheeling and dealing with stuff. He wasn't hostile, but my ability to influence him to do things was severely limited. I realized early on that my mission there was, to a large extent, damage limitations. Garcia was going to be very difficult.

Q: This is tape eight, side one with Alex Watson. You were going to give me another one.

WATSON: Well, I just thought, when I was when I had lost _____ as the AID mission director in Peru and he transferred to Honduras and then the AID and I had the idea that _____ would be

his replacement. Well, there are a lot of people who were saying that _____ is very difficult, he's too headstrong, he does whatever he wants, you can't control him, you don't want him. That whole thing bothered me. I liked _____. We'd known each other in Brazil. I respected him. He was older than I was. He was one of the most senior guys in AID. He had done a very good job as far as I could tell, but I was getting this, so I called up Deane Hinton who was one of the great guys of the Foreign Service. He did about everything, including having been an AID director at one point in his life. He was at that point the ambassador in Pakistan. When I was in Colombia, before going to Brazil, before going to Peru, he tried to get me to come to be deputy chief of mission in Pakistan. Although we didn't know each other really well, we both had been through the economic bureau of the Department, which in those days was a very special group of people, sort of run by this woman, Frances Wilson.

Q: Frances Wilson, oh yes.

WATSON: So, there was a kind of… I wouldn't say cult, but it was a kind of a club. Anyhow, I called up Deane and said, "well, _____ had been the AID director in Pakistan," and Dean in his typical fashion said, "Alex, _____ was the best God damn AID director I ever had, and besides, any ambassador who can't control his AID director doesn't deserve to be an ambassador." That's all of our conversation, plus the pleasantries before and after. That was it. I love to recite that because it was absolutely on target. If I would not take somebody because I thought I couldn't control him, even though I thought he was good, that would be terrible. Really. If it turns out that I can't control him then one of us probably has to go and it would have to be him. Let's see if we can work this out. Anyhow, that was that.

Q: With Garcia was there anything - you say it was damage control - was there anything you kind of wanted him to do?

WATSON: Oh, sure. God, lots of things. We wanted rational economic policy for a whole variety of reasons. By the time I left, Garcia's mismanagement of the economy had gotten to the point where they were having 7,000% inflation per year.

Q: Oh my God.

WATSON: Every time we would work with whomever we had as finance minister and central bank president. And I knew extremely well his economic advisor, a guy from Argentina. Every time, some of these guys were just sort of incompetent, pretended they knew what they were doing, but they didn't really. Others like Daniel had sort of interesting types of economic theories from the Peron days in Peru and stuff. We worked and tried to get a rational set of proposals out there that would help Peru deal with its debt question and reintegrate itself into the global economy in a functioning way, but it was hurting us. I couldn't get any loans made by anybody. Every time we'd get to that point, Garcia personally would undermine us. He'd get up there apparently in his cabinet meeting with a blackboard and a piece of chalk and act like he is a Nobel Prize winning economist and tell everybody how it was going and all that kind of stuff. Who is we? We were Enrique Iglesias, who was the president of the Inter-American Development Bank and well respected around the hemisphere and fairly close to Garcia who, by the way, the U.S. government opposed becoming the head of the Inter-American Development

Bank and supported a Peruvian who Garcia would never support. It was really an indication of rather unsophisticated politics on the part of the American administration. But the Treasury Department somehow didn't like Iglesias because he came out of this sort of - what's the term I'm looking for - Raul Prebisch school of Economic Development import substitution the School of Economic Development. Enrique has proved to be a brilliant director of IDB and went after the fellow from Peru, who was really a good guy, unfortunately has passed away now, but was never going to fly because Garcia was never going to support him. There was no way anybody could take that job without the support of its own government. It was crazy, but my job was to try to get this guy in there. Anyhow, Enrique got the job and didn't seem to hold any of this against us. I'd met Enrique before when he was foreign minister in Uruguay and we'd gotten along pretty well, particularly during the time when the third _____ president, _____, came to visit Garcia. Although all the public statements were sweetness and light, underneath that was the worst visit _____ ever had apparently. So there was the U.S. government, me, Iglesias at the Inter-American Development Bank, the World Bank, a young Spanish guy whose name I can't recall right now would come down over and over again and off in the background the IMF. We'd put together, working together quietly, getting this program ready. I'd come back to Washington and talk to people up here and go over to the treasury and talk to them. It was not hard, it was pretty easy. I'm no brilliant economist, but you could figure out what needed to be done and at least the first steps to get this whole thing done. We'd get it all sort of set up and Garcia would torpedo it time and time again. But what I think happened, and maybe others can judge better than I, I like to think that the way we handled this made it very clear after a while to the Peruvian people what the source of economic problems was. I think I can safely say at the time the Garcia administration ended and by the time I left, most people who have any reason to think about these things and deal with these kinds of issues realized that the international financial community had done everything possible to help them out of this situation and had been thwarted by their own government and I think that was a valuable contribution. The IMF was no longer _____ that. It set the stage for _____ to come in there subsequently and do the largest at that time and maybe still, the largest single debt restructuring ever done with the help of the U.S. government.

Q: Was there any reflection from what was happening down in Chile with the Chicago boys and rechanging, or was that a long way down the coast?

WATSON: What we have to remember is that it's a little hard to remember the sequence, but _____ had a lot of troubles. Now, it is perceived in retrospect as having done this brilliant economic thing. It screwed up for a number of years when they tried to peg the exchange rate and everything else and had all kinds of difficulties. Peter Shay's people sort of got it right at the end of his administration and got it right very well. It was probably viewed by the Peruvians as just succumbing like lackeys in the international community, real liberal stuff. That's not right. What we've got to do is have a social revolution and help the poor folks and all that, and of course people who are hurt by inflation, most in every situation the poor, because they can't defend themselves.

Q: Did the Peruvian ambassador who you said you met before you went down and came back and all, did he understand what Garcia was doing and how he turned Baker off and Shultz off?

WATSON: Oh, yes. He would shake his head and wring his hands, but this is the hand I'm dealt and I've got to deal with it. I should tell you something else about the running of the embassy. Things are sort of coming back to me chaotically. Inflation was so bad that we started a system of revising the wages of our local employees on I think a fixed, semi-annually or quarterly basis. This had never been done. Never been done in the Foreign Service. We just said, "we're going to do this with the Department's acquiescence," because our people were getting killed. I mean, they were losing. As soon as they got their salaries, they were gone before they even got home. We won a lot of awards. I mean, the economic counselor got the Salzman Award as the best economic officer. The personnel officer won the first Personnel Award. My secretary came in second for the best Secretary. Our Admin Officer came in like second or third as best Admin Officer. I got _____ the Rivkin Award for the best manager of the year. I made an effort for not so much me, but I made an effort to nominate people that were on my team that I thought were good for this and really pushed this and it paid off and we did pretty well and that contributed to morale. I remember the personnel officer taking some risk and really doing enormously difficult stuff to get the Department with the help of some of the rest of us, too, she took the real lead on it to find a way to be able to treat our local employees as best we could in these circumstances.

Q: Early on did you all see the Garcia government as basically being so seriously flawed a government that you almost had to say, "well, okay, we'll keep a low profile, keep going here, but something is going wrong and this is not going to be around for long," or how did you feel about this?

WATSON: Well, no, I don't think we thought it was not going to be around. We thought this was a real dangerous situation, dangerous because of the government, despite all of its belligerence and stuff. I should explain another thing about this on Peru at the beginning. During the military regimes of '68 to '80, they ended up buying all of their military equipment from the Russians, more than any other military anywhere in the Western Hemisphere outside of Cuba. So they did not have any U.S. equipment, almost none, and the Cold War hadn't ended yet. It collapsed in '87, so there was lot of concern about Cuban/Russian/Soviet penetration, just another dimension of all of it. We had a very fragile democratic policy that had gone through one iteration and now you had Garcia and he was provoking us all over the place and was dangerous. You also had the Shining Path growing in strength. I used to liken it to a botulism, which is a bacteria that lives in a vacuum, sometimes in canned food if it hasn't been properly prepared. Botulism dies shortly after it is exposed to air, but it lives in a vacuum. I used to think the Shining Path is like botulism and the vacuum was the vacuum of the state's authority. You've got to remember Lima and Mexico were the most important places in the Western Hemisphere during the Spanish period, and Lima still had that aura. Argentina didn't exist because it was Portuguese, and all these other little countries. Lima was the center and there's still that attitude even in Peru and it's also the kind of thing that affects a guy like Garcia who sees himself in historical terms. I'm in the most important place. It may not be in anyone else's mind the most important place, but in their minds it was. In terms of the way the country is running, highly sensible, you know, even more so than a place like Argentina which has some other big cities and things are centralized to me. When you're there you have the feeling that the state is kind of a powerful thing, but as soon as you get outside of it, it's not there. Corrupt, weak, pathetic and so there is a vacuum. In that vacuum is where this tiny path could be. Odds are, if you put a

police station there, all the police guys go away and there's nobody there, peasants aren't around. Fujimori started to fill that space and whatever else they say about him, he did quite a brilliant job.

Q: Did Fujimori cross your path at all while you were there?

WATSON: Sure, I know him well. I didn't know him well enough to ever predict he would be the president of the country. In fact, if you had said he was going to be president I would have said you were nuts, and that may be a commentary on my political acuity. He was the dean of the La Molina National Agrarian University. Professionals in the field have told me, I don't' know if this is right, but they told me that before the military took over in '68, it was probably the best agricultural university in South America— at least certainly one of the best. AID worked very closely with them and did a lot of stuff. Also, Peru has the tropical potato research center. There are some significant agricultural scientific resources there and during military rule a lot of the good people left. After, the military left and the good people started to come back to La Molina and AID started to support them again. I don't remember now exactly who nominated him or how that exactly happened; it was before my time. When I got there he was already there, if I recall correctly. He was a mathematician, but he had done some graduate work, I think, in agricultural economics at the University of Wisconsin. In any case, I went out there at least every six months and talked to him and sat down with him. He reminded me when I saw him subsequently in New York, when I was at their mission to the UN, that he had decorated me with a decoration of the university. I had totally forgotten that.

Q: The order of the golden potato or something?

WATSON: He was a guy who also had a little TV show every now and then, sort of political stuff. He ran for president as a way to attract attention to his candidacy for the senate. People were concerned about Garcia. He was a pain and so the Shultzes and the Bakers of the world saw him as someone who was problematic, was not helping us in places like Central America, Panama, stuff like that and other places. There were other places around the hemisphere where he had proven himself to be a thorn. The other thing that was of far more concern to me was the disillusion or attenuation of the country. I mean, the country was falling apart. The government was being weaker and weaker, the military sort of doing whatever it wanted. Garcia off on his grand rhetoric, he'd stand up on the balcony and give these big speeches and that kind of thing, ala Peron or Mussolini, or something like that. The Shining Path getting stronger every day, the economy totally out of control. The country was sort of bankrupt and we saved their ass several times with considerable support, the poor people and stuff like that, but it was, from my point of view, with the growing narcotics traffic… it was a serious problem. It was like a big sore in the body politic in South America in many ways and the tragedy was that Garcia had so much potential; he was young, he was attractive, he was quite smart and he had this big mandate. He could have really moved that country forward if he had not been so deluded.

Now, there are all sorts of stories about his personality. I tried not to act on all of these rumors. I mean, some of them are so salacious you've almost got to listen to them, but there was all this… there was this thread running through this, the high command of the _____ party was all homosexual. Not that that really matters, but _____ had surrounded himself with all these young

guys, including Garcia and all this, which in that kind of society would contribute to a kind of a closeness and cult like, sort of a secret society. God knows if that was true, I don't know. There was also the idea that Garcia was a manic depressive and had to control this with lithium. He was taking lithium all the time. There was all this stuff. Garcia was taking coke, too, having all these wild parties and racing around the streets in a black leather jacket on a motorcycle in the middle of the night. There's probably some truth to all this stuff, but you can imagine his services were producing this stuff in droves. I was trying to be very careful. That's the kind of stuff that is so easy to spread.

Q: Oh, yes.

WATSON: It's so much in peoples' interests to say that it is too difficult to confirm or deny that it is very easy for people who want to believe it, because you can't really.

Q: Also, you become known as the source, you know, if you spread it and you're sort of placed in your relationship saying well, the American ambassador said that.

WATSON: Well, I would never say anything. It's even just dealing with the Garcia phenomenon in Washington, where are they getting all this stuff? It became very complicated.

Q: Did he have the equivalent to enemies in congress in the State Department or anywhere else? I mean, you say Baker and Shultz.

WATSON: I think most people thought he was not serious, he was not helpful, he was the statesman and he was not going to be helping out the people very well, except that, you know, we did do quite a lot of stuff with some of his people on the narcotics front.

Q: One other question before I move to narcotics. Peru had been a problem for us with expropriating American things. Had that all been taken care of?

WATSON: I spent hours and hours and hours on that stuff. Garcia, among the other things he did, was to expropriate Occidental Petroleum's stuff and a firm called Belco Petroleum operations. Belco ended up being bought by Enron, a big company. So, Occidental cut a deal somehow and got its stuff back before I got there, but the Belco problem was still there, and it was huge matter. I met with Enron all the time. I pressed the issue. I mean, Occidental had a whole lot of other problems. Every time I met with Garcia I would bring this stuff up, every single time. There was also a big U.S. copper company there, the _____ Copper Company, and they had all ____. I would always bring it up. I would say, "Look, I don't want to get into all the details of all these issues, but you guys have simply got to deal seriously with this _____." In some cases I would have an actual position to push on behalf of the firm ____ and said that I understood it well. I wanted to be supportive of the firm, but I couldn't always give in to the technical details of the problems, but it was copper pricing questions and stuff like that. It was important, and I think I would get very high marks from any of those guys you'd ask now that I really did a lot there. I didn't think I did anything extraordinary, but I had a meeting at my house once a month. We'd have a meeting and we'd have breakfast. In any case, the Belco thing took a lot of time because first you had the Enron people visiting with them sometimes, and I was

always trying to help them out. At the same time, there's another dimension to this, which was that Enron had political risk insurance with AIG, a huge insurance company. AIG said that they had sent Enron's check - either Enron or Belco's check, now I'm not quite sure of when it was - sent the check for the premium back to them before the expropriation and they didn't want to take the case.

Q: Oh my God.

WATSON: So they said that they weren't going to pay any compensation to Enron. You had that dimension. You had AIG coming to visit me and Enron coming to visit me, each with their own agendas, and I'm trying to push this thing forward with the government and not getting very far. Finally it went to arbitration in New York and Enron won and they got compensation for 90% or something like that; 80%, not 100%, for their loss. Then _____ and others that deserve a lot of credit for this worked hard to, the U.S. worked hard with _____ after Garcia left and eventually cobbled together a deal to solve all this. Initially you had Enron and AIG and then you had only AIG with Enron still in a little bit. They still had 10% I wanted to get, and eventually we cut a deal with _____ when he was finance minister there, just as I was coming in as assistant secretary in '93.

Q: You were ambassador there from when to when?

WATSON: '86 to '89.

Q: '86 to '89.

WATSON: Then I had to leave because President Bush was elected in '88 and '89 and we all submitted our resignations. Tom Pickering called and asked if I would be his principal deputy to the U.S. Mission to the UN, so I did that.

Q: Okay. Well, back to Peru. What about the drug business? You had this Garcia regime, which is not friendly to us. How were we able to operate our anti-drug operation?

WATSON: It's not that the Garcia administration was hostile to us, it was that Garcia was playing a political game which required him to maintain some distance from us, but working on a daily basis with his government was okay. The people were okay. They're all friends of mine; I could deal with them. They weren't often very competent, the government didn't do things very well, but we had a very good relation with the elements of the police force and others and we provided a lot of support to them. We had a lot of air equipment in that country; we built this base up.

Q: You're saying the base was quite a story in itself. What was that?

WATSON: The idea was that we needed to have a staging point out in the middle of the Rio Apurimac Valley, which is where most of the coca was then grown from which cocaine is produced. The security situation was extremely difficult with the Shining Path out there and the narcos out there. We needed to have a place where we could have our people deployed rather

than flying them out everyday from Lima in planes, and we needed to have an airstrip. Everybody agreed this was a good thing to do, that we had to do this. Then you had all of the geniuses from Washington coming down. This was when you just shake your head and you wondered how this can happen. To everyone this is so intriguing and sexy that everyone wanted to be involved in it.

Q: Oh, yes.

WATSON: You had these guys from the White House, NSC staffers who didn't know anything about this, but they're in very powerful positions and they come down and they can write a memo and influence everything up there, come down here for a day and look at it. We had guys on the NSC staff or some component of the Pentagon or navy seals, very aggressive, very tough, rude in their behavior, that's what their style is, who are coming down and giving us advice. If we didn't listen to it they'd go back and say we were bad. It was totally out of control. Everyone you can imagine was down there telling us what to do. Then there were people saying there is no way you can ever build that base. People saying this is just too dangerous, you're never going to get that stuff in there. There were guys coming down and literally advising, this is supposed to be serious, this is the United States government, these people who don't know who the hell they're talking about coming in here and saying we've got to come in with C130s. You've got to bring in Caterpillar tractors and the C130s and drop them and bring them in and drop them in to this place like that so that then you will have a machine to build a runway out there. You can't try to drive them over the land area, it's too dangerous. You'll be ambushed, you'll be killed. What do I know about this? Zero, but I have some capacity to think beyond the box and I said, "Okay, now there is a little village there right next to this place. What if our brilliant C130 team for some reason or another has a hiccup and they drop this bulldozer, huge, D10, D4s, huge thing, 100 yards further than it's supposed to be and it lands in the middle of the village and crushes all these people. What happens when the D4 hits the ground and it bounces a little bit and it falls on its side? How do we get it up? What equipment is there to right this thing or else we just have this little pile of metal in the air lying on its side and you can't do anything? But these were supposed to be serious people coming down to help us out. It was pathetic and it just showed, maybe it's all better now, because this was all kind of new stuff in those days. Everyone is excited and everyone wanted to be involved, and every Rambo you can imagine was there and I had to deal with this stuff every single day. We finally did it and John Hamilton was acting DCM for the current ambassador and we had this wild guy who was a security officer who came in to help us and he had come out of Vietnam. Without going into any enormous detail, we actually put together a caravan that moved all the equipment with timing as a secret, with overhead air protection, on the ground armored vehicles and stuff like that and we got all the equipment in there safely. The only problem was that one truck driver lost the key so he couldn't get it during one part moving. We built this base. Some of us had always thought that the idea of this base had a lot of flaws.

Q: Sounds like _____ or _____.

WATSON: That's how these military guys thought of it, oh yes. We got the thing built. It was during the end of my tenure there. As I was talking about this, there are so many adventures. I should tell you another little story, just because it was kind of fun. It will show you what kind of

atmosphere you're in. We had these helicopters and everyone says they're DEA helicopters, that's how the press always writes them up; they were never DEA helicopters, they belong to the State Department. These helicopters were being used to ferry and flown by retired military helicopter pilots on contract to the State Department and some of these guys are great guys and some of them are like little kids that shouldn't be let out of a playpen. They are living sort of Vietnam fantasies out there and they are really buccaneers and this kind of stuff. They're getting a lot of money doing this stuff and it's sort of wild and exciting. They would fly out the crews that were destroying the coca. The Peruvians would never let us use fumigation like we're doing in Colombia now, even though we did lots and lots of research, we knew a lot about this stuff, what kind of chemicals did what damage to what. We could have done a lot of stuff there, but they wouldn't let us. We had to do it by hand. They also would fly up DEA people to join up with the police to hit labs and stuff like that. One day these guys were coming back in one of the helicopters, flew over a river and they saw a flag of the Shining Path. They decided to play capture the flag.

Q: Oh, no.

WATSON: So they put the helicopter down on the island and sneaked up like little kids on their bellies and ran up and got the flag and ran back to the helicopter and flew back into town. Just like puppies with their tails wagging so hard they hit each other. Of course they went to the bar where they all went every night and they were bragging about this. It came back to my attention - and one of the most difficult things you see, this in the Colombia situation now is when you start to get insurgents, politically motivated insurgents involved in the narcotics industry or close - the U.S. government tries very, very hard to focus on collaborating the local people in dealing with the narcotics, but not getting involved in the civil war. One of the worst things that we can do is to be starting to being perceived as trying to take on the Shining Path directly, which we weren't at all. No mandate, you could go to jail. These assholes had gone out there and so I had no choice but to immediately throw all of these guys out of the country. There were about five of them. So, I had no problem with the guys on the State Department contracts. They were gone the next day. They were out of there. Like I said, those guys who were the head of the narcotics assistance unit, those guys are out of here tomorrow. The more complicated factor was the DEA guys. Now I had full authority to throw them out, but I didn't need to have a fight with Jack Lawn, the head of DEA, over this. Jack I knew pretty well. I called him up and I said, "Jack, you won't believe it. This is what's happened. Those guys have got to go." He said, "Well, I agree." I said, "It's much better if you pull them out of there than if I order them out." He said, "Okay." He did that. The point that I, when sometimes I tell the story, the point I say is what's really important for ambassadors to do is to work the Washington front really well so that you have adequate relationships with these other key players that affect what you're doing. Like I had with Jack Lawn at this point, who was a really nice guy, or else you keep yourself in an enormous amount of difficulty struggling with bureaucratic fights back here, and everybody gets all riled up. It's so much easier to get your authority to do what you have to do there.

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Q: Today is the 4th of June, 2001. Alex, is there anything else you want to add about Peru?

WATSON: When I left Peru the presidential campaign was in full swing.

Q: Which one was this?

WATSON: This was ultimately run by Fujimori, but there are several candidates. Mario Vargas Llosa, the famous novelist, was a candidate of the more conservative group and there were several others. Out of this emerged Fujimori, who really was the director of the National Commission of Peruvian University Rectors at the time and who was really running for a senate seat and added a presidential quest to enhance his candidacy as a senate candidate. In any case, Fujimori miraculously came in second to Vargas Llosa and in the second round the APRA, Garcia's party, _____ their way behind ____ to block _____. Irrespective of what happened later, I think that Fujimori at least in the first couple of years proved to be quite effective. This was after I left because I left at the end of '89 and he really wasn't elected until early in '90. I had appealed to the people in the new Bush administration to let me stay through the election there as ambassadors often do because I knew a lot about this and this was going to be a really tricky one. They needed to have my brilliance there to make everything come out all right, etc. They didn't listen to that of course and it was time to move on.

Q: What was our estimate of Vargas Llosa?

WATSON: Well, Vargas Llosa had come to political attention when he and Hernando Desoto, the writer of the book called The Other Path, a pretty important social thinker in Peru and around the world particularly in advocating the importance of giving poor people a title to their property which then lets them get mortgages and require funding for mortgages for investment and enter a middle class situation. Anyhow, two of them ended up leading huge rallies in Lima against Garcia's efforts to nationalize the private banks. This is really a strange phenomenon. Very rarely do you have people rioting, if you will, or at least going to large demonstrations against nationalization of banks in favor of the private banks. Most people hate banks everywhere in the world, so this is an interesting thing. Garcia had mishandled it, his nationalization, to such an extent, and his whole government was being criticized to such an extent that people rallied to this effort to oppose the nationalization of the banks. _____ ended up as sort of a leader of this, and from there catapulted into a presidential candidate. He was really a Thatcherite in terms of his economics, very conservative. As the campaign went along I found _____, whom I knew pretty well, getting more and more isolated and depending on a smaller and smaller group of advisors and having some difficulty really being a man of the people. My own view on this is that Vargas Llosa was a person from sort of a lower middle class background and he was very ambitious and a brilliant writer, no doubt about that. He started to enjoy life as a member of the sort of the intellectual elite, not just of Peru, but the world, in Paris, everywhere he went and subsequently became a Spanish citizen. He tried to strengthen his persona as a member of that group, here he has to run a campaign in which he has to act the opposite way and be a person of the people, and I don't think he ever resolved that. He would do things like have interviews and photographs taken as he was lying in the backyard in his hammock with his Gucci shoes on. You see _____ in the current campaign there wearing _____ and things and dressed in indigenous garb. Mario didn't dress like somebody out of Milano or Paris. _____, the former ambassador to Peru here and a good friend of mine was telling me the other day that _____ also had himself interviewed with servants all in the livery, serving him food. It's not how Mario always lived, but now he

was sort of playing a kind of elite role, which was not quite the right role to play in his campaign. In any case he ultimately lost to Fujimori who managed to rather quickly break the over 7,000% annual inflation when Garcia had left. He undertook the greatest restructuring of debt ever taken by anybody in history up to that point and still may be the largest one subsequently and did quite a number of good things.

Q: How did he do it though, when he was running?

WATSON: Well, nobody knew much about him. It was just sort of a surprising candidate, but he was okay. But nobody really thought that he was going to win if I recall correctly. He was a guy that a lot of us knew and the AID people knew because we were working closely with him at the La Molina Agricultural University. When I left that was the situation. The ARPA party of Garcia was quite discredited. Its candidate was not going anywhere. The economy was in a mess, terrorism was in a mess, the military had engaged in some brutal massacres of people, and all the stuff that has been brought up in the press recently.

Q: The Shining Path was growing?

WATSON: Growing, absolutely. It got even stronger after we left, although the situation, the terror situation, may even have worsened a little bit, but it was a desperate time in Peru and there were people who really wondered whether the country would be able to survive.

Q: You came back when, in '89?

WATSON: '89. I was wondering what was going to happen to me after I'd gotten the letter saying "you're out of here" with the new president. All of us had to submit our resignations as usual. Then Ambassador Pickering, who was picked by President Bush to be his UN representative, I think his very first diplomatic selection, called me up and asked if I would be his deputy. The deputy representative, you know, there are about five or six ambassadors at the UN, and I was the second one. I hesitated only long enough to confer with other members of my family and then went back and said yes. So we went on to New York, arriving there I think in August of '89.

BARBARA MERELLO
Cultural Attaché
Lima (1987)

Barbara Merello began working for USIA in 1959. Her career included posts in Rio de Janeiro, Sao Paulo, Lima, Barcelona, San Jose and Buenos Aires. She was interviewed by Lewis Hoffacker in 2000.

MERELLO: But of course we were in public diplomacy, so we really had contacts with anyone who was doing anything. My last assignment was cultural attaché in Lima, and I had worked very hard to go somewhere else. It was the only time that I had really wanted to go to a specific

place, and it was a total waste of time. They'd already decided. Always before I just, you know, the luck, *Qué sera sera*, serendipity - and things seem to work out better for me when I do that. Anyway, I did go to Lima, and while the situation was very difficult, really - the Shining Path was on the rampage, and the MRTA, the more traditional Marxist organization, and there were bombs every day, and things were difficult - but the Peruvians never stopped going to cultural events. They would always go to a concert no matter what. That was one of the most important things to them, their cultural life. And I felt that I had the best job in the embassy by far, because anyone who was doing anything interesting, I would have a chance to meet and to talk to. And I find that when you are in a country, no matter how bad the news may sound somewhere else, you can't be as pessimistic as you would be just reading about it, because you're meeting people who are actually making a difference. And in Peru that was particularly striking. My husband and I left in 1987 - I was selected out, as most of us are, a lovely phrase - and we would have liked to stay another year, difficult as it was, because really, everything was quite difficult. Agustín was doing workshops on the future for all sorts of people.

Q: *This is your husband, Agustín?*

MERELLO: Yes, and he enjoyed doing that, and I thought that we were doing some important things. At the time, I was trying to persuade the top cultural officials to do the paperwork necessary so that the United States could implement a new policy of cooperating, confiscating artifacts from Peru and from other countries (but Peru was one of the most affected). People would smuggle things in - you know, old things, prehistoric remains, pots and all sorts of things - and the United States had worked out some very good provisions, which I believe are in force, but it involved a great deal of work on the part of the folks in the country of origin. They would have had to do a lot of work to get illustrations of the different sorts of things that the customs officials should be looking for, and in Peru you can't scratch the ground without digging up something, so this would have been a great deal of work. And we would sit, we would have lunch, and we would talk about it, and, oh, they were delighted that finally we were going to crack down on the smugglers. And then nothing would happen- (end of tape)
Another thing that we had was Binational Centers. And those were mostly started after World War II, when there was an era of good feeling toward the United States and a great desire to maintain contact. And things started in Europe and in Latin America, primarily, although we had them all over the world. And those were very interesting jobs. Director of a Binational Center meant that you learned about everything - administration, programming, and English teaching, which was their principal source of funds. They were all English teaching academies, but they were much more than that. They had a range of cultural programs, and whenever we had anyone, an American performer, for instance, come to that country, then they would perform at the Binational Center. And it was a venue for seminars on topics of interest to both countries. They're very good institutions. I was a director in Barcelona later, and I wouldn't take anything for those years, a tremendous, wonderful experience - even though Madrid would meddle too often. But that's always true.

Q: *Well, yes.*

MERELLO: There's always the field and headquarters, and my sympathies are always with the field. I used to wish I were an old-fashioned "remittance woman." They didn't exist, but just pay

me to stay out of the country and just leave me alone. I think a lot of us felt that way. We'd like to be at a one-man post where nobody ever visited. Anyway, the Binational Center - it was enormous. It was extremely important in Barcelona. It was the only institution where parents would trust their daughters to come to a dance unchaperoned, and it was an amazing place. There were something like 6,000 students studying English, and there was constant cultural programming. Every day there would be some sort of program. There were former students who stayed on and helped organize these special programs, and it was marvelously exciting. And we celebrated our 20th anniversary while I was there, in the 1970s, and I cherish those memories. It was wonderful. And I don't know what's become of them now. They don't have American directors any more because, again, we couldn't afford them. The advantage of having an American director was that occasionally you could get a little money and that you knew what performers were coming, and sometimes you could get an art exhibit. We had art exhibits in the old days, too. Even in Peru we managed to have a few. There was one especially interesting one - or two. One was on weaving. No one has ever exceeded the ancient Peruvians in their weaving. It's just a marvel. No one has ever equaled it. So they're very interested in textiles. And we had some examples of modern weaving, and that was a very interesting one for them. And another one was making jewelry out of - not trash - inexpensive materials. They found that extremely interesting, because all of their jewelry is silver or gold, and they enjoyed this. They enjoyed this idea that you could just pick up a few pieces of something and make something beautiful out of it. Those are two that I remember especially, that were especially successful. So we had exhibits. We had books. We had libraries. English teaching in those days was very important, and again, now it's not necessary because everyone's teaching English or learning it. But in those days the British had their institutes of British culture, I think they were called - *cultura inglesa*. And we had the Binational Centers, and there were always plenty of students for everyone. In Barcelona we had 50 American teachers, who gave me more trouble than the 5,000 students and everyone else put together. But they were good. They were good teachers, and the students really learned. They learned, I think, more than they do now here. They learned actually to write compositions. They actually learned good English. So that was all very fulfilling.

ANTHONY QUAINTON
Ambassador
Peru (1989-1992)

Ambassador Anthony Quainton was born in Washington state in 1934. He graduated from Princeton University in 1955 and joined the Foreign Service in 1959. He served at overseas posts in Australia, Pakistan, India, France, Nepal and as ambassador to the Central African Republic, Nicaragua, Kuwait and Peru. Ambassador Quainton has also served as the Deputy Inspector General, Assistant Secretary of State for Diplomatic Security, and the Director General of the Foreign Service. He was interview by Charles Stuart Kennedy in 1997.

Q: Next you went to Peru. You were there from when?

QUAINTON: I went to Peru in December, 1989 and was there until September, 1992.

Q: How did that job come about?

QUAINTON: I am not sure how it came about. As I was completing my second year as deputy inspector general, I was asked if I would like to be considered for a number of different posts. The first one was Bulgaria, but my name didn't pop out of the hat. In that case, happily so. Sherman Funk was a very loyal superior and said to the Secretary and Deputy Secretary that he would be grateful if I could get another mission, although he had no particular ax to grind for any particular place. Out of the blue in the late summer of 1989, Peru was suggested. I was happy to accept, having served in Latin America once before, although not in South America. But, the internal workings of the D Committee, the Deputy Secretary's Committee, were as opaque then as they are now. Officers often have no way of finding out how their names are suggested for a particular post at a particular time. Peru did not have notable management problems that someone from the inspector general's office might take on immediately and fix. Indeed, my predecessor had won the Replogle Award for management. It was a well run post.

The agenda in Peru was a very specialized one as I quickly found out as I read into the Peruvian account, in the autumn of 1989. The focus at that time was on the forthcoming elections which were to take place in the spring of 1990. The universal expectation in Washington was that those elections would be won by the great Peruvian novelist, Mario Vargas Llosa. All the papers that I read and all the analysis that I was given suggested that on arrival I should deal promptly with Vargas Llosa and his team since they would be running Peru for the ensuing five years. These judgments turned out to be far from correct as time would tell.

Q: Before you went out there what were the United States major concerns in Peru as you saw it?

QUAINTON: There really were two or three. It was evident that narcotics would be at the top of the program agenda, if only because Peru at that time produced 60 percent of the world's coca and 60 percent of the world's cocaine had its origin in Peru. That was an enormous preoccupation with the rising level of cocaine consumption in the inner cities in America. DEA had deployed quite substantial resources, up country in Peru, and was actually fighting the drug war with gun in hand. The narcotics agenda was very, very central.

A second agenda then, however, was democracy. It had surfaced in a variety of ways over the preceding three years. We were anxious that there be a smooth transition from Alan Garcia to his successor. One must remember that Peru was a country that had had really only two free elections since a long period of military rule. There was some uncertainty about the institutionalization of democratic institutions. The widespread belief that Washington has in Peru that a country that had been run into the ground by the populist views of the outgoing president, Garcia, and that it was very important that the next president espouse a set of economic policies which would begin to turn Peru back towards a free market economy away from Garcia's statist policies. It was assumed that Vargas Llosa would carry out market policies. He had come to the United States a number of times and talked to senior officials making it quite clear that he subscribed to a rigorous liberal economic agenda with the support of the IMF and the World Bank. That transition from Garcia to Vargas Llosa was supposed to be at the center of my efforts in the first months I was there.

And, finally, as in many other countries, there was a commercial agenda. There were major American investments in Peru. The Southern Peru Copper Company had a vast operation in the southern part of the country. The copper was owned by Newmont Mining and American Smelting and Refining. Occidental was producing oil in the north. There was a longstanding confiscation case involving Enron. So, there was an economic agenda which was itself quite important, and one I spent a fair amount of time studying as I got ready to go to Peru.

Interestingly enough, I got to Peru without congressional hearings. My predecessor had left in the summer and the elections were seen as very important in Peru, and the Secretary felt it was very critical to have an ambassador on site. Senator Helms was persuaded to forgo hearings and to put my name directly on the committee agenda. I was voted out of the committee without ever appearing before that committee. Steve Ledogar, who went to Vienna on a disarmament mission, was also pushed through without the normal hearings.

Q: What was the Garcia administration like?

QUAINTON: Garcia had been in power four and a half years having been elected overwhelmingly as the first president from his party, the American Popular Revolutionary Alliance (APRA), a radical non-Marxist party. He came to power with the support of the business community. They were very enthusiastic about his policies during the first 18 months. They increasingly soured on him, particularly after he attempted to nationalize the banking system in Peru. It was that issue that propelled Mario Vargas Llosa into prominence as the leader of a coalition called the Democratic Front which supported him throughout the 18 months that he was campaigning for the presidency of Peru. Garcia's policies involved extraordinarily large subsidies for a range of social programs and eventually bankrupted the country. By the time we arrived, inflation was running on the order of a few thousand percent per annum. It rose in the course of the next six months to seven thousand percent per annum. This was an extraordinary rate of inflation achieved only in the Weimar Republic in the 1920s. So, there was a desperate sense of the country being bankrupt and that the only viable solution was an IMF program of ending subsidies and bringing fiscal responsibility to Peru.

Vargas Llosa publicly espoused such policies but not in a way that was captivating to the public, who saw him as willing to take Draconian measures which would have very high social costs. This is part of the reason that he eventually failed in his campaign for the presidency of Peru.

Garcia was a man with extraordinary charisma. He was a wonderful speaker and in someways a Bill Clinton figure. Not in terms of the actual policies pursued, which were very different, of course, but a person who had studied in Europe, who had a wonderful touch with people one-on-one, who loved to play the guitar and did so with some skill, and a person who loved the ladies and the ladies loved him. I must say on a few occasions that I had to deal with him I found him every bit as engaging as I had been told he would be. Unfortunately, shortly after I arrived and presented my credentials, the United States intervened in Panama and that intervention was passionately opposed by Garcia and his government. The Panamanian flag was hoisted above the presidential palace in Lima and remained there until the American troops were withdrawn. There was a drum beat of anti-American, anti-imperialist rhetoric, during the U.S. intervention in

Panama.

But, that was really a sideshow, the central issue from December through to the summer, was the elections. There were many political parties competing, many candidates. Vargas Llosa was way ahead. According to polls he had well over 50 percent of the vote at the time I arrived. I was introduced quickly to the men and women who were to be his cabinet. They already knew what their portfolios would be. They were already anxious to come to Washington to get to know their opposite numbers, etc. It was a remarkably talented group of people from the business and academic communities.

But, as the months went on into the spring, Vargas Llosa's percentages began to slip and an unknown, minor candidate from a new party, Change 90, began to gain in strength, Alberto Fujimori, who had never been in politics before. He was a university professor, mathematician, having studied at the University of Wisconsin in Milwaukee, and at the University of Strasbourg. He taught calculus at the agricultural university of La Molina. He eventually became rector of the university. He was a candidate simultaneously for the senate seat and the presidency. He put himself down as a candidate for the presidency to give himself a better chance of becoming senator. Fujimori ran on a platform with two slogans: (1) a president like you and (2) honesty, technology, and hard work. In a country that was lazy, corrupt, and backward, his slogan had a certain resonance. The idea of Japanese efficiency being brought to bear on Peru to change it from its backward bad ways was very appealing.

Fujimori had no national network. He worked to some degree through evangelical Christians. This, of course, convinced the Catholic Church that he was going to come to power as a pro-Protestant figure. Nothing was further from the truth in fact. However, he had two unknown vice presidential candidates, one of whom was a Protestant evangelical pastor from the north of the country and the other a small Indian businessman from the highlands. Fujimori's reaching out to the indigenous population was a master stroke, given the fact that Vargas Llosa and all his colleagues were white European from the small political elite that had ruled continuously since the conquest.

As things turned out, when the elections were held in the first week in April, Vargas Llosa came in first. The Peruvian system requires someone to have an absolute majority of the votes cast in the first round in order to be elected. Otherwise, a runoff was required. Vargas Llosa got some 35 percent of the vote and Fujimori 25 percent. Twenty-five percent may not seem very much, but in polls in February, two months before, Fujimori's numbers had hovered between 3 and 4 percent. So, it was a dramatic advance. All the other candidates were forced to drop out. There was a runoff election in early June. All the other parties that were not supporting Vargas Llosa, including Alan Garcia's party, APRA, supported Fujimori and he was easily elected in the second round. Vargas Llosa had wanted to drop out because he believed he couldn't win, but he was persuaded by his colleagues, by me and others, not to give up. He was persuaded to stay in the race but with great misgivings in his own mind. He engaged in a debate with Fujimori. There was a rather interesting structure for the debate. They agreed on five topics that they would debate - social services, education, foreign policy, etc. - and they were each then allowed two minutes to express their strategy and point of view. Then they questioned each other. I remember the education portion where Vargas Llosa, in order to convey the fact that he was the superior

candidate, noted that he had lectured at the Sorbonne, Oxford, and Princeton. As a Princetonian, I was quick to think that there were probably not two votes in all of Peru for anyone who had lectured at Nassau Hall. And, so it turned out, Vargos Llosa's attitude linking himself to a foreign elite carried no weight with the masses. Fujimori represented himself as an honest populist, and that had much greater resonance in Peruvian society. It was widely assumed that the United States favored Vargas Llosa. The Catholic Church favored Vargas Llosa. Vargas Llosa was in a position to demand resources from the IMF and World Bank which no one else could get. But none of this weighed very heavily in the minds of the electorate.

It was interesting that between the first and second rounds, the Catholic Church made a serious effort to defeat Fujimori. The Archbishop of Lima, Vargas Alzamora, subsequently Cardinal, used the most sacred religious symbol in Peru, a picture of the crucified Christ called "The Lord of Miracles," a 16th century painting, to which was attributed much miraculous power and once a year is taken in processions in the streets of Lima. He ordered the painting to be taken out into the streets of Lima for the first time outside its feast day in order to call on Peruvians to resist any temptations they might have to support a candidate who might allow the Protestants into power and subvert the Catholic nature of the state. Fujimori was never mentioned but it was clear that he was the target. The result, of course, is that the Cardinal and president don't speak and relations between the church and government are rather hostile.

Q: While so much was going on were you and the political section able to have pretty good rapport with the Fujimori group or because it started out as such a small thing did you find yourself somewhat on the outs?

QUAINTON: Well, no one knew Fujimori at all until after the first round. That is not quite true, there was one AID officer who had met him when Fujimori was rector at La Molina. That officer had a very negative view of him. We thought right up to the end that Vargas Llosa would not get an absolute majority in the first round, but that he would have such a substantial plurality that he would still get through in the second round. It was hard for the embassy's political section to focus on the possibility that Fujimori might win. It was a little as though someone had said to us that Senator Hayakawa from California was a likely president of the United States. It was inconceivable that a first generation Asian could come to power in a very traditional country such as Peru. So we were a bit closed in our thinking. We recognized that something had gone wrong and that Vargas Llosa was on the skids, but we found it hard to imagine that we would end up with Fujimori, at least until the last few days when we began to see this as a possibility. It was certainly very, very late in the campaign.

Once we got past the first round, however, I immediately went to call on Vargas Llosa and Fujimori and got a fair amount of publicity by inadvertently staying ten minutes longer with Fujimori than Vargas Llosa. This was interpreted by the Vargas Llosa camp as a clear decision by the White House to turn against him and throw in our lot with Fujimori. It was entirely fortuitous. Fujimori's wife served tea in Japanese fashion sitting on the carpet in the livingroom without a table and it took longer than I anticipated. Fujimori was surrounded by papers, books and seemed to be trying to read into an agenda that he had inherited. And, he had no team. It is not easy to send the political and economic sections out to get know Fujimori's team because there wasn't much of a team. There were the two vice presidential candidates who we got to

know. There were some economic advisors. He had a motley group who were not orthodox liberals. It was thought that he would pursue a much more populist economic policy than Vargas Llosa. We tried to identify some of those figures and provide them our views about what was necessary in order to reform the economy. That effort continued right up until Fujimori's inauguration in July. Before the inauguration, Fujimori came up to the United States, went to New York where he met with the Secretary General, and the head of the IMF and World Bank. He was given a lecture on what was necessary to put Peru on the right track. It had an enormous impact on him, and he threw out his economic policy team and got a whole new team who would go along with Vargas Llosa's set of policies. Vargas Llosa's people were extraordinarily bitter that their policies and programs had been stolen by an "incompetent" Asian after they had done so much hard work. And, they really had. They had drafted laws and were ready to go and run with their program.

Q: Like Dewey's team.

QUAINTON: Yes, very much so. The focus of the first nine months that I was in Peru was on the election. Fujimori had a hostile legislature since he had no real political party. The number of people supporting him who were elected to parliament was very small. The lack of legislative support continued to bedevil his policies for the next 18 months until he managed to throw out the parliament in what is known as the self-coup in April, 1992. That was 18 months ahead. In the meantime, there was constant conflict between Fujimori and the parliament.

Q: Did you find that when this happened that all the other embassies, newspapers and power establishment within Peru found themselves without any real contacts with this group that came in?

QUAINTON: Yes. Most of the press was hostile to him. They regarded him as something as a clown. In campaigning he frequently wore Indian dress. At one point he appeared as a sumo wrestler. He was thought to be rather a joke. But he was far from a joke as subsequent history has shown. He had a wonderful touch for figuring out what people would like and established contact with them. He traveled very widely, something that has continued to this day and certainly continued in the months after his election. He would pop up on weekends in small towns, looking at projects, taking his son fishing, etc. He had tremendous energy in terms of willingness of be out among the people. This was something that Vargas Llosa was incapable of. Vargas Llosa was a very stiff, starchy intellectual who found people not to his taste generally. Fujimori reveled in meeting and being with people. He loved the adulation that he got back in return.

But, you are right, there was a strong sense of not knowing what he was likely to do. He moved very swiftly to take control of the police and the armed forces. He fired almost all of the top admirals in the navy from one day to the next and put his own man in as commander of the navy, the navy being the most conservative and pro Vargas Llosa of the services. To a lesser extent, he did that to the other services and the police. He put his own stamp very quickly on the organs of government that were most important to his survival. The military, I think, was totally astounded at his decisiveness.

They were extremely reluctant to get directly involved in politics. Any sign that a general was getting interested in politics would lead to that individual being fired by Fujimori, who kept remarkably strict control over the military services.

He began very quickly to implement a shock program in accordance with the IMF's guidelines. For example, he removed the subsidy on gas, which was sold for about 18 cents a gallon. It was cheaper than water. The price went to over $2 a gallon overnight. Subsidies on foods, grains, etc. were taken off and prices went up dramatically. But, within three months he had brought inflation down from 7000 percent annually to a couple of hundred percent and within a year he brought it down to 10 or 11 percent, which was an extraordinary achievement. He increased tax collection. He quickly overhauled the tax collection system and appointed honest people to run the Peruvian equivalent to the Internal Revenue Service. He brought about a complete turn around in the economic situation in Peru in the first year of his mandate.

During all of this time, he was continually harassed and opposed by the congress. He was increasingly fretful of their opposition. He didn't try to accommodate them at all. He wasn't interested in accommodation or indeed in institutions. In his view, if congress had to go, then congress had to go. He had no compunction about dismissing it in April, 1992, provoking, of course, a tremendous crisis in relations with the U.S. It was the first time in Latin American history that a freely elected parliament was dismissed extra-constitutionally by an elected president.

Throughout this period from 1990 until early 1992, the biggest part of our agenda was, of course, the drug agenda. We were anxious to coopt Fujimori to get his support for a more aggressive interdiction campaign and, if possible, for eradication of coca plants, particularly in the upper Huallaga valley, which was the area from which about two-thirds of Peru's production came. Fujimori had as his principal adviser a well known economist, Hernando de Soto, who had written a book called *The Other Path*. The first path was Abimael Guzman Reynoso's *Shining Path,* which was causing considerable chaos throughout the country. DeSoto was very influential and often argued against the U.S. interdiction strategy and in favor of alternative development.

On the drug front, Fujimori had a strong desire to cooperate with the United States. Just before I went to Peru, President Bush had announced a major drug strategy for the Andes and promised major resources for Andean countries - Peru, Bolivia, and Colombia - to help them with their interdiction and crop substitution programs. In point of fact, those monies were not dispersed promptly, in some cases not until 1996 or 1997, leading to considerable cynicism by the Andean governments about American intentions. Certainly in Peru's case, Fujimori took the view that if he was going to take a tough line on narcotics and get peasants out of coca production, he would require substantial money for alternative development for other crops which could be used by the small farmers as a source of income. We initially were skeptical of that approach because the AID economists could not see any crop that would provide comparable return to coca. Over time, a number of cash crops have been developed which are, in fact, competitive, but at that time there was not a whole lot we could do. The congress objected very strongly to our disbursing AID resources to Peru given widespread human rights abuses. It was a classic case of the difficulty of co-existence between a number of competing American priorities. We wanted to control drugs and at the same time promote democracy and human rights.

Fujimori, for reasons of his own, did institute economic reforms for which he got very little credit in Washington even though reforms had been a major rhetorical thrust for his administration. It certainly was one of the subjects that I discussed repeatedly with senior finance officials. But the focus in Washington was on drugs and on human rights. Peru was constantly criticized for not reducing the acreage under coca production. Fujimori said, "Well, when we tried to get resources for alternative development, your congress refused saying they would not provide aid to a country with systematic human rights abuses." The systematic human rights abuses grew out of Fujimori's efforts to control two terrorist organizations, The Shining Path, Abimael Reynoso's organization, and the MRTA. Both organizations were extraordinarily brutal in their tactics, murdering peasants, villagers, as well as killing police and soldiers. The response of the police and military was to strike back very forcefully.

Human rights was a constant problem in Washington, where there was an unwillingness to recognize that Peru was a highly conflicted society in which it would take quite a long time to change attitudes about the role of the military and permissible behavior. Civil rights organizations were singled minded, America's Watch particularly, demanding the United States reduce its ties to Peru until the Peruvian military and police got out of the drug and interdiction business. So many of the things we wanted to do were halted by various congressional restrictions, and we didn't get the narcotic results that we wanted.

We began to make some progress on human rights, however. Fujimori, himself, recognized that change in the behavior of the military and the police was going to be in his interests and in the interest of the whole country. There was a constant effort on our part to work with the Peruvians, and help them to develop structures within which the rule of law could operate. We worked to get the army and police educated on human rights issues. There was, in my time, some progress, progress which accelerated after I left Peru, in part because of the extraordinary success that Fujimori had on the eve of my departure in September, 1992, in capturing the head of the Shining Path, Abimael Guzman Reynoso, breaking the back of that organization and thereby reducing the general level of violence in the society.

Q: You had been the anti-terrorism person in the Department. Was there a time that you came down on terrorism rather than drugs?

QUAINTON: There was a linkage to the degree that terrorists provided protection to the traffickers in some of the areas in which there was drug production. For the Peruvians, the anti-drug campaign was also an anti-terrorist campaign. The army repeatedly asked for our assistance in dealing with the terrorists, at the same time that it was reluctant to become involved in anti-narcotic efforts. A great achievement for Fujimori was to convince the military that they would have to engage in the drug war, beginning with the air force and the navy. Our perception of the military was that they were all corrupted by drug money and were reluctant to be involved in anti-narcotics program because they benefitted too much from the narcotics business. For them, it was not a useful thing to try to get the drug war cleaned up. So, there was always a constant tension.

Terrorism was another policy issue for us at the embassy. We were among the targets. Shortly

after I arrived, a bomb went off at the Marine guard's house during the visit of a congressional delegation. The terrorist threat continued right through the time I was there. The embassy was twice rocketed. The residence was strafed a couple of times by machine gun fire, and then in February, 1992 it was blown up by a very large car bomb. So, we were very much in the center of terrorist activity mainly from the Shining Path, but also to some degree from the MRTA. We constantly received intelligence reports of threats to me, threats to the embassy, threats to the residence, threats to the American community, to American business, which kept the Americans in Peru very much on edge. This threat certainly defined our lives. I was able to travel more than others because I had a good deal of protection - 14 bodyguards at all times, a four car cavalcade. This was a very disagreeable way to live. I can now imagine the kind of security the President of the United States has to live with. We did not allow officers to travel outside of Lima except to a very few limited places - a couple of places along the coast and a couple of places in the south. But most of the central part of the country was off limits. These restrictions inhibited our ability to report on much in the country. I tried to take colleagues with me on my trips, enabling them to take some of the pulse of the country.

We twice had authorized departures from Peru. We never had any evacuations. I was strongly opposed to evacuating people, although there were times that it was a very close thing with Washington close to ordering an evacuation. The community was very divided on this issue. A majority wanted to stay in Peru and did not feel personally threatened where they lived. On the other hand, there were others who were quite frightened, wanting to get out. So, authorized departure provided a way which allowed people to leave who wanted to leave, but those who wanted to stay could stay. Unfortunately, if one's family members left, they couldn't come back and new family members couldn't come, so there were a lot of negative aspects to authorized departure as well.

One of the other effects of terrorism was that it allowed me to carry out something like Jack Tuthill's Operation Topsy in Brazil. I succeeded in reducing the embassy staff from a permanent complement of just over 200 to 135, a cut of about a third. However, the motivation was different and my approach was somewhat different. It was clear that we had too many people. The more people we had, the more we were at risk for security reasons. Using the security angle, I required every agency head to give me a list of every employee along with a description of what each employee did. There were several agencies that were resistant, as you might imagine, but in the end all complied. Then, using the list and working with the DCM we went through it identifying jobs that in our judgment were secondary and didn't fit in with the central focus of what we were trying to do in drugs, human rights, counterterrorism, etc.

Bit by bit I persuaded Washington agencies to cut back. For example, I eventually got rid of DIA's airplane, which had seven or eight people associated with it. They tried desperately to justify keeping the plane on the grounds that it was the source of much useful intelligence about terrorism, drugs, etc. I asked them to produce all the reports that had resulted from trips which the airplane had taken in the country and they produced a pile of reports, most of which described the airfields they had visited. I told the Defense attaché that we could fly commercially to those airfields and describe them without having our own plane. Washington was angry that I wasn't more supportive. DIA was angry - that I could understand - but I could never understand the importance of these planes. But, the fact is that the product didn't justify the large number of

people and costs. It was a very interesting exercise. Needless to say, almost as soon as I was out of the country, my successor reinstated most of the positions at the advice of other agencies who convinced him they needed greater resources to carry out their mandate in Peru.

Q: What were the human rights abuses during your time that caused such agony back in Washington?

QUAINTON: There were a lot of documented disappearances. A great number of unexplained killings. People would just show up dead. Credible reports would come in that the army or paramilitary units would go into villages and just cut people down on suspicion that they were terrorists. They were often quite indiscriminate in how they used violence. There were also some allegations of torture, but mostly it was operations carried out by the police and the military in rural areas with little regard to any kind of civilized code of behavior. These cases were well documented. Human rights organizations were very active in Peru. Peruvian human rights organizations were very critical of the government and the military. They would stay in close contact with Amnesty International and Washington human rights organizations. These groups kept up a considerable drumbeat on the issue. All of these things came onto my agenda when President Fujimori visited Washington in the early fall of 1991. I came up with him, as did my wife. We had very useful meetings with President Bush. I think he thought that he had gotten a good hearing, but in fact not much changed as a result of the visit. In fact, the administration was not able to get the additional resources that he expected from such a visit.

Q: Were these human rights abuses in the program a Fujimori program or had it just been a continuing one from the previous administration?

QUAINTON: The abuses went back well into the previous administration. Fujimori was, himself, publicly opposed to human rights abuses. But he was reluctant to publicly berate the military and was quite protective of the military in some respects. He was also receptive to some of the programs that we proposed, such as adding human rights into military training courses, etc. The military would often deny the allegations against them, although when pressed they would say, yes, there had been some cases of military abuse and they would assert these officers had been appropriately punished. We never could get confirmation, however, that they were in jail. This always led to a constant suspicion that we were being lied to by the military about their good intentions and that they continued their bad practices notwithstanding what Fujimori and others were doing to clean up the military's act.

Q: When Fujimori came in, were you looking down to the south to Chile and thinking about what had happened there when a radical president, Allende, had come in there? Was there a concern in the beginning that this might lead to another military takeover as happened in Chile?

QUAINTON: Yes, we constantly asked ourselves whether the military would intervene, whether there was some point at which Fujimori's interference in military promotions, etc. would lead to a reaction. From our contacts with the military, which were very good at all senior officer levels, we were pretty much convinced that the military really did not want to get back into politics. We didn't spend a whole lot of time worrying whether there was going to be a kind of Allende scenario in Peru, although it was one of the things that was possible, Peru having had military

governments in the past. It was not something one could rule out entirely. But, I made clear to the generals that I dealt with that a coup would have a very, very adverse effect on bilateral relations. They constantly reassured us that they had no intention of intervening. I think they saw Fujimori as somebody who was fundamentally sympathetic to them and that he would do nothing that would undercut them except in terms of individual promotions. He went after people whom he didn't like. That caused some anxiety but he was publicly supportive of the military and make great efforts to come to military events, to anniversary celebrations, etc.

Q: Allende had created his own militia more or less and that was the challenge to the military that they couldn't put up with.

QUAINTON: There was nothing of that kind in Peru.

Q: Looking at Chile again, early on even during the Pinochet time he had what they call the Chicago boys, economists from the University of Chicago. Was there any spill over into the Fujimori administration of looking at Chile as an economic example and turn around?

QUAINTON: Yes, certainly. Chile was constantly pointed to by outsiders as the way to go in terms of freeing up the economy. In the end, Fujimori accepted that argument although I think there were a lot of people who said to him that Chile was fundamentally different from Peru - ethnically, geographically, economically. The parallels were very inexact. Very early on, Fujimori was told that the kinds of policies which Chileans had adopted, which Argentina had adopted, was the way to go to get his country straightened out. What was so surprising to everybody who observed the Fujimori government in its first couple of years was the absolute consistency of his policies. It didn't matter what opposition appeared, he continued down the road upon which he had set out, unflinchingly. This was probably due to his not having a political party to whom he was accountable. All the other political parties opposed him and he saw no reason to consult them. He relied on a group of technocratic advisers, particularly his minister of finance, Carlos Bolona, who was American educated and a very smart economist.

While Fujimori never trusted anybody and kept his advisers in a state of tension and rivalry, he also had a very clear sense of what he wanted to do for the country. He sees himself as the savior of the country. He has been in power now almost a decade. He is trying to find some way to be re-elected for a third time. Whether he succeeds in that is something else again. This is a man who has a messianic streak who sees himself as the savior of Peru. He has defeated the violence, the drugs and the parliament and he knows that he can do what he has to do. Now, there is some truth, of course, to his extraordinary claim to success, but whether he has, in fact, been able to turn around the conditions of fundamental poverty in which large numbers of Peruvians live remains in doubt. There are still serious questions about whether it is a good thing that Peruvian society live in shanty towns along the coast, particularly in Lima. People in Lima have not benefitted from the Fujimori revolution. But, he has marginalized the opposition. They have not been able to find a coherent point on which to oppose him. They oppose his anti-democratic tendencies, the autocratic way in which he makes decisions. He is an autocrat, not a democrat in any sense of the word.

Q: What about your personal relationship with him, if any?

QUAINTON: In the first year it was really quite good. I had a lot of access to him. I went to see him quite frequently, often on Washington instructions. After he dismissed the parliament, relations became much more strained and access was greatly reduced. In fact, he threw out the parliament the night before the assistant secretary for Latin American affairs, Bernard Aronson, was to see him. We sat in the residence listening to the news about this and Aronson was greatly affronted that this would happen when he was visiting. He felt it was a kind of slap at him. But Fujimori was unrepentant about what he had done. Bilateral relations became quite difficult.

Also, we became increasingly aggressive in complaining about Peruvian drug performance and their unwillingness to engage in major eradication efforts. Fujimori's point of view was that there was not much to talk about if we weren't prepared to put up resources. The dialog became more fractious in the last year I was there. The first year was really a learning period for Fujimori. Fujimori was doing most of the right things. Right up to the time of his visit to Washington, he wanted to be taken seriously as a Latin American statesman who had access at the highest levels. He went to Japan, to Europe, and a number of other countries. He wanted to project Peru and to project himself on the international stage.

Q: During this time did the Peruvian-Ecuadorian border dispute appear on our radar again, I think the last time was in 1942?

QUAINTON: We were one of four guarantors on the border with the Brazilians, Argentinians, Chileans, and ourselves. There was a border skirmish in 1991, very similar to one that took place several years ago. It was a question of small military detachments moving into a disputed area and setting up border posts on land the other side claimed as its territory. The guarantors were all mobilized to try to persuade the two sides to stand down and then, eventually, the two sides were pulled apart and the demarcation of the little stretch of the border went forward. But, it became a much bigger issue after I left. Fujimori was never constrained by history and one of the most extraordinary things about him in his willingness to take controversial decisions, as in his efforts to resolve the Peru-Ecuador border and to develop access to the sea for Bolivia. If he thought it was good for Peru, he would do something whether or not this had been the established position of Peru. He was very conscious of being Peruvian; it wasn't that he dismissed Peruvian history, but he never felt constrained as others might have been by the policies of his predecessors. He had a great confidence in his ability to try things that others would have found difficult to try.

Q: Any problems with Chile?

QUAINTON: No, relations with Chile were basically pretty good. The Peruvians had long since come to terms with the loss of that portion of southern Peru that was lost in the War of the Pacific. Relations with all the neighbors were pretty good, except with Ecuador, where they were strained. Peru is a very inward looking country. As a country which historically was the jewel of the Spanish crown, it has always seen itself superior to and different from its neighbors and other Latin American countries by virtue of its pre-Colombian history, by virtue of its colonial history, by virtue of its natural resources, and its geography. So there is a kind of aloofness in the way Peru approaches the world which is different from that of some of the smaller countries in Latin America. It is a country with a very professional foreign service, and is one of the few countries

which relies almost entirely on career diplomats, with very few political appointees. It is a country which sees itself with a long historic trajectory.

Q: I take it that during this time, 1989-92, which was cataclysmic throughout a lot of the countries because of essentially following the Soviet Union, Peru really didn't have a left wing that depended on that so in a way it was something that was happening way over there.

QUAINTON: That's right. There had been a small communist party in Peru at one time, but it wasn't very important. I think the Soviets consistently supported APRA, the party of Alan Garcia, which was a leftist populist party and the most revolutionary of legitimate Peruvian parties. APRA, of course, was completely discredited for reasons that had nothing to do with Soviet support or anything else. While the Soviet relationship with Peru had been a limited one, the Soviets had supplied some aircraft and some other weapons systems. We hadn't supplied any weapons to Peru for over 20 years. The Soviets had a certain status in Peru because they supplied some military resources. But, they were not major players on the Peruvian scene. And then, of course, they became declining players as the Soviet empire broke up.

Q: Did we have any programs like the Peace Corps there?

QUAINTON: There used to be a Peace Corps program but it was thrown out by the military government in the early 1970s. There was a substantial AID mission working in a whole range of basic human needs - agricultural development, family planning, etc.

Q: Was there a problem with family planning from our side?

QUAINTON: No, not from our side. Fujimori was in favor of family planning, another thing that put him at odds with the church. He embraced the need to have a family planning program in Peru. More recently, he has gotten into trouble because of allegations of forced sterilizations and an excessive zeal for family planning. Whether they are true or not I don't know. In my time, it was quite clear that he supported family planning and when asked about the church's opposition he said that there was no institution of which he was afraid and if the church didn't like family planning, it was just too bad.

Q: There had been several major business confiscations, ITT, in copper and other things of American firms. While you were there had these things been pretty much settled?

QUAINTON: Yes, the only confiscation case that was of any importance was the case of offshore oil platforms that were confiscated by the Garcia government in the northern part of the country. Fujimori was quite anxious to get that issue settled and eventually it was settled at the end of my time there.

Q: Any tuna wars or anything of that nature going on?

QUAINTON: The time I was there was a period of *el nino*, not the most recent one, but the one before that.

Q: Will you explain what "el nino" is?

QUAINTON: It is a warming of the Pacific waters off the South American coast which changes the air currents. It had the effect in Peru of (1) increasing the likelihood of more rain than usual in the northern part of the country and (2) pushing the anchovies and fish farther out to sea. Both of these effects have quite a negative impact. In fact, the *el nino* of 1997-98 is considerably more severe than the one in 1991-92. At the time I served in Lima, it had not rained in Lima since 1972. So, it is well to keep in mind when thinking about Peru that the Peruvian coast is the world's driest desert. It doesn't rain at all along the Peruvian coast except once in a while every 20 years.

Q: You mentioned the foreign ministry. Did you get caught up in UN votes and things like that?

QUAINTON: I didn't spend a lot of time on UN votes. There was the annual attempt to get the Peruvians to vote for the things that were important to us. But, in fact, the Peruvians stuck as close as they could to a Latin American consensus. If it appeared that the Latin Americans were going to vote one way, you could be pretty certain Peru would vote the same way. I did have to deal with the foreign ministry on international drug issues. There was a drug summit in San Antonio, Texas in the spring of 1991 to which Fujimori went and where there was considerable confrontation with the Bush administration. Again, Fujimori raised the issue of alternative development. He expressed dissatisfaction with American pressure and our lack of responsiveness. We spent a fair amount of time on that. There was a lot of time spent with the foreign ministry preparing the Fujimori visit to Washington, of course. But, UN issues were secondly or tertiary.

Q: About the drug issue and the lack of response of compensation, was this primarily because of the human rights or was it just our making promises and not delivering on them?

QUAINTON: In general, we didn't deliver on our promises to the Andean countries. Congress kept the administration on a very tight leash with regard to dispersing resources. Disbursement was linked to drug performance, which Washington perceived was not sufficiently good, at least in terms of commitment by the Peruvian government and military. There was also opposition to any aid to Peru as long as the military was engaged in human rights abuses. So, both these things intersected. It never really got to the point in my tenure when Peruvian efforts were sufficiently successful on both drugs and human rights that it became possible to unlock the funds.

Q: Corruption has usually been the key to the success of those who are in the drug trade. We have seen Colombia almost collapsing under the corruption from the drug lords. What about the effect in Peru at the time you were there?

QUAINTON: There was no serious corruption at the top of the Peruvian government, involving the president or his ministers. I think there was evidence that some of the officers of the armed services had accepted drug money and were corrupt. Fujimori did dismiss such people when he found out about them. But, Peruvian society was not as profoundly corrupt as Colombian society has become. Of course, Columbia had substantial value added by converting coca paste to cocaine. Coca itself is a fairly basic agricultural product and the amount of money that came into

Peruvian coffers was substantially less than that which went into Colombian hands.

Q: Did you see the beginning of factories moving to the higher grade stuff in Peru at the time?

QUAINTON: There was no cocaine produced in Peru at the time I was there. The coca continued to be shipped out by river, land and small aircraft to Colombia. What was more worrying to the Peruvians was the rise of consumption in Lima, and other cities, and the development of an indigenous drug culture.

Q: This is often what swings a government around at a certain point.

I think we are about at the end of the Peruvian tour.

QUAINTON: Yes, I think so. There isn't a whole lot more to say about Peru. As I look back on that experience, aside from the evident saliency of the issues - democracy, drugs, terrorism, etc. - which brought together cumulatively a great deal of the experience that I had had in other jobs, it certainly was the most complex mission I have had to manage. One of the problems was how to maintain effective control over the law enforcement agencies, particularly the Drug and Enforcement Administration and its teams that were actually engaged in the drug war. The drug war was fought by a coalition of U.S. government agencies receiving their guidance and instructions from a variety of different places, from Panama to Washington and internally from the embassy's country team. The coordination of the drug agenda was carried out by the DCM who was chairman of the narcotics committee, but many issues came to me for decision. Unlike my predecessor, I was not much interested in day-to-day military operations; I left that to my DCM. But this is always a great question as to how much an ambassador should engage himself in the details of what was in fact a paramilitary operation with quite a large number of people involved. We had a fleet of helicopters, transport planes which were run out of the embassy by the narcotics assistance unit. That was a constant problem. The inspector general was interested in the whole narcotics bureau and how they were controlling the resources. In management terms it was one of my major areas of concern.

The other thing I would say is that, unlike other places in which I served, I was very pleasantly surprised by the extraordinary hospitality of the Peruvian people to the American ambassador. I was made welcome at almost every level of Peruvian society. Partly because of the work that my wife did with American missionaries, I had contacts with even in the poorest areas. At every level there was enormous affection and willingness to work with the United States whatever our difficulties were with Fujimori and his close advisers. I certainly was given quite an extraordinarily warm and affectionate welcome throughout my time there.

J. PHILLIP MCLEAN
Deputy Assistant Secretary for South America
Washington, DC (1990-1993)

Mr. McLean was born and raised in Seattle, Washington and was educated at

Seattle University and the University of Indiana. He entered the Foreign Service in 1962. A Latin American specialist, his service in the State Department in Washington and abroad, primarily concerned Latin American Affairs. His foreign posts were Brasilia, Edinburgh, Panama City, La Paz, Milan and Bogota, where he was Deputy Chief of Mission. In Washington Mr. McLean held positions dealing with Latin American Affairs, including that of Deputy Assistant Secretary for South America. Mr. McLean was interviewed by Charles Stuart Kennedy in 1999.

Q: Warren Christopher. Well, when did you leave that job?

McLEAN: I left that in 1993. I just might mention in that period one of the things that we did which was the Fujimori coup and terrorism in that case. Fujimori was and is a difficult person.

Q: He's the President of...

McLEAN: He's the President of Peru. He came in to everyone's surprise. No one expected him to be elected. I had, in fact, an aide, a guy who worked closely with him in USAID in Lima when he was at the university. The guy came in and said he'll never get anything accomplished, the place would fall apart because he never sees anything through, he's always more worried about being in control than he is about getting the job done. That turned out not to be an accurate summary. The guy was and is very much dedicated to getting some things done and changing the country. The country was in a terrible mess as he took charge, with raging inflation and institutions falling down around the country. I went to his initial inauguration, and we were pleasantly surprised that he said a lot of the right things. He had suddenly become a convert to orthodox economics and brought in a lot of good people, people like Fernando Desoto and others, but it was hard to get in close to him and know what was going on. One of the biggest things that was going on in the country, of course, was the Sendero Luminoso terrorism activity.

Q: The shining path.

McLEAN: The shining path. That was one thing that my boss, Bernie Aaronson, was very much interested in, because Bernie saw himself, I think correctly, as a peacemaker, and he saw there a chance with this terribly extreme group of people, people that next to the Cambodian Pol Pot regime, the Khmer Rouge, the most savage group of people that had ever been around, and it was growing in power. We had some very quiet programs that did in fact have some good effect, working again with the police and not so much with the military. I remember Bernie was a little stunned when I called him to say that actually Guzman, the head of the Sendero, was in fact arrested by people that we had worked with. But one of the things that happened before, just before that, was that in frustration of getting things done, Fujimori--it happened when Bernie made a trip down there with my office director, and while he's there--boom, Fujimori declares that he's shutting down the Congress and taking over, so there was a real question of the legitimacy of his regime at that point. We had to struggle with the idea of what are we going to do now. Are we going to recognize him or not recognize him? His vice president was in the country in the U.S. at that time, and I know a few times there was some question whether we shouldn't be doing something with him. It was one of those moments when you're trying to find

out what policy you're going to follow, but you have a sense that Fujimori is in charge, and if you're not going to recognize him, you're going to have a difficult time, and Sendero was still going on at that point. I remember I called Vargas Llosa the famous author, Peruvian author who had run against Fujimori and been defeated by him, and Vargas Llosa in effect said, "Hey, there's nothing for you to do but continue to recognize him." And then the question was how to put pressure on him in order to get him to move back towards a more democratic stance and get him to make some agreement. I worked with his finance minister, who was in the midst of a major negotiation about the debt and getting the country back on its feet, and he worked with me in terms of putting pressure on the political side of government to say that they're not going to have these economic reforms, they're not going to have international support unless they take some steps back towards democracy. I got the IDB even working through...

Q: IDB?

McLEAN: The Inter-American Development Bank, to make some decisions which would further put pressure in saying, "We're going to stop negotiations with you unless you do this." In the end I think it worked out very well. We pushed them along, and we got them to make some step towards having another election for a new congress, to do that right away, to do in terms that were acceptable democratically. They have some voting observation teams go in from outside. Very dramatically we went to the Organization of American States' General Assembly in the Bahamas and got Fujimori to come up and make these statements to the international community, which eased considerably the pressure we had to move against him in some sort of punitive way. He was still a problem, though, because he is served by a rather dark figure, behind-the-scenes operator, head of intelligence, and trying to work with America on non-government organizations, which very much wanted to see the United States play a role to bring down Fujimori and to stop him from his human rights abuses and the rest of it. In this process we were always promising lots of aid and yet we could never deliver it because of human rights concerns. Every time we were about to crank out some of the money that we had promised into the international community that we do, the Japanese were a very strong force in favor of Fujimori, and promised them and others that we would do this, but we were always kept from doing it by Senator Leahy and others in Congress who were worried about Peru's human rights record. In the end the money promised probably was as effective as money delivered, because we kept the process going and, in fact, certainly not in my time, and I don't think immediately after, did we ever disburse any of that money, but we were always promising it, and that always added up in the total that was needed to get the IMF agreements for the different programs and the World Bank programs that were put in place at that time. But in the end human rights was still a problem.

Q: Did the fact that this American woman was arrested who was an ardent member of the Shining Path, did that cause any problems for us?

McLEAN: Well, that happened after I was there. She in fact was found to be helping the other guerrilla movement. Peru had more than one problem and more than one guerrilla group. This was a somewhat less bloody group of people, and she was helping them. But that crystallized in the years after I was there, the concerns that we had had, and particularly since the courts were so difficult to deal with. With my Andean Director and her ideas, we had put together a team, an

international team, again including the Italians and others, to go to Peru and to try to move them to a more open and really just juridical system. I think there had been some changes but certainly not enough by any means. And this lady--the real argument is, one, did she get a fair trial and, two, is she being humanely treated? And I think those are in doubt, in question, because it was pretty much of a summary judgment at that particular point despite the fact that all indications are that she did what she was accused of.

VIRGINIA CARSON-YOUNG
Consular Officer
Lima (1991-1992)

Virginia Carson-Young was born in the state of Washington. She obtained a B.A. from the University of Washington. She was the spouse of a Foreign Service officer until she became an officer in her own right after the death of her husband in 1972. She served in consular affairs in New Delhi, Hong Kong, Merida, Bucharest, and Lima. She was interviewed by Charles Stuart Kennedy on July 29, 1991.

YOUNG: ... when I came back [to Washington], I expected to retire in January. I returned in August and reached mandatory retirement in January, 1992. I had been asked to serve the human rights area of the Department for these last few months. But when I came back, they asked me if I would be interested in going to Lima, Peru for an interim period. I said, "Sure."

So we went to Peru. I knew there were some adoptions there, but I had not heard of any controversy. I was in a hotel, in Lima, had been there about two weeks. It was a Sunday. My husband said, "The good news is we have a Sunday newspaper. The bad news is that there is a front page article on an adoption scandal." I thought, "Oh, no, baby selling all over again." Yes, indeed. We were not processing anywhere near the number of adoptions as in Romania, but many of the same circumstances existed. Peru was a very poor country, with a huge number of unwanted children, and the foreign adopting couples came with money.

What often starts out to be a very happy agreement between a couple that can't look after a child, and an adopting couple who want to provide a loving home, soon turns into stories of money and goods changing hands. Really, the villains in all this are not the birth parents or the adopting parents, but, in my opinion, the go- betweens who will sometimes shade the facts. They are the ones who make the money. The birth parents don't. And the adopting parents are willing to pay almost anything.

So, we then had another situation in November, 1991 in which three couples from the Chicago area came to Peru to adopt. They did it by proxy. Normally, in Peru it takes up to six months of residence in the country to effect an adoption and a good many of these people find it very difficult to do that. So, in these cases, they came to Peru the end of October, and by November 2nd, they had everything done, and came in for their visas. I said, "Wait a moment, how were you able to do this?" We asked for a more complete file. The file from the court said that these

families were actually in court in October, when their passports said they hadn't even arrived in the country. So I said, "Wait a moment, we are going to have to look into this." We did look into it, and found that, although undoubtedly the court process in Peru had been short- circuited, it was a real judge who had signed a real paper. It was an adoption. It is not our job to go looking beyond that. So, we issued the visa. But it wasn't until December. So these people had to wait about 30 days. Normally a couple waits 90, at least.

Well, one of them, a doctor from the Chicago area, even though he had his visa and the child was home before Christmas, had media connections. He set out on a vendetta. He implied that I had screwed up in Romania and had been sent to Peru and had just done it all over again. He said we had been vindictive, we had sent him off to a dangerous jungle city for papers, when our job was just to review the papers and issue the visa. In fact, we had specifically told him not to go back into the jungle because it was a dangerous area. (Baby brokers would often choose remote areas where it appeared they had judicial authorities under their control, and things could be done that they weren't necessarily able to do in the city.)

There was the usual barrage of Congressional letters, and press notices. The couple went on another CBS morning show, I think it is "Good Morning America", and complained about me, specifically. So, once again I felt that I was really doing the right thing, but being unjustly criticized for it. We now have an American in jail in Peru for processing adoptions in these remote areas, circumventing the Peruvian legal system. These particular cases were not processed by him, but they are very similar, and I think we would have really been criticized if we had just issued the visa in these early cases, and it turned out that these were maybe kidnapped children, or adoptions that were not quite proper. So, I think we did the right thing by saying, "Wait a minute, let's take a look at the file." Thirty days is not an unreasonable time.

Q: What kind of support were you getting from the Embassy and Consular Affairs back in Washington?

CARSON-YOUNG: The telephone calls were somewhat guarded. People would start out by saying, "Now we are not criticizing, but have you thought of this, etc." I think when you have to say, "we are not criticizing" it tells you something. But basically, I got support. John Adams from the Visa Office is a friend of mine and he in fact sent me a special cable saying, "We know what you are up against and we understand."

Q: Well, then you retired?

CARSON-YOUNG: Then I retired.

Q: Looking back on this whole thing, what is your impression about the visa process? Where do you think the strengths and weaknesses are?

CARSON-YOUNG: Well, the problem is basically just the overwhelming numbers. If we are indeed supposed to do any kind of screening-out overseas, I think we just have to have the resources to do it. Otherwise, turn visa processing over to INS and let them do it at the border, or whatever. But it is just impossible. I mean, I have supervised visa lines for a long time. I have

seen junior officers who hate it. It seems to me that having at least a comfortable place with reasonable hours, air conditioning, whatever, is the least you can expect for such a grueling, stressful job. And you don't always have that. The officers involved simply despise it. It is something to do and get over with. And, as we were saying earlier today, they flip- flop quite often, with either a heavy denial rate and a righteous approach, or it is really easier to just approve, and many do so, taking the easy way out.

JAMES F. MACK
Deputy Chief of Mission
Lima (1994-1997)

Mr. 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 20th, 2004.

Q: After '94?

MACK: After '94 then Al Adams our Ambassador to Peru selected me to be the DCM?

Q: Who was Ambassador?

MACK: Alvin Adams. Previously, he had been Ambassador to Haiti. My wife and I decided to take the assignment to Lima really because of my oldest daughter Sally. Sally was going to be a senior in high school and had been in the International Baccalaureate Program at the American School in Quito. We knew that the American School in Lima, Colegio Roosevelt, was an excellent school, and it had the IB program as well. I had actually wanted to go to Guadalajara as consul general and was offered the job, but when I researched the American school there, I learned that it was not very good. They also did not have a International Baccalaureate Program. So we went to Peru for my daughter's sake. Lima was a very different type of tour.

Fujimori was President and at that point Peru was the Saudi Arabia of coca, the raw material for cocaine. They produced more coca than Colombia and Bolivia combined at that point. Peru had two insurgencies, which were declining strength but, nonetheless, still quite dangerous. One was the MRTA and the other the Shining Path or Sendero Luminoso. Even in Lima there were fairly frequent bombings and shootouts. The MRTA was the more traditional revolutionary movement, with links to the Central Americans guerrilla groups. In 1995, this group had planned very thoroughly to take over the Congress of Peru which was housed in a 1930's fortress type building. For this purpose they had purchased or made Peruvian military police uniforms and had a vehicle painted up to look just like a Peruvian Army truck. To execute the plan they had brought 45 of their fighters out of the jungle to Lima and staged them for two weeks in a house

in one of Lima's tonier suburbs to put the fine fitting touches on their preparations.

Fortunately, somebody in the neighborhood noticed an awful lot of bread being delivered to the door every day and tipped off the police, who surrounded the house. There was a big shoot-out and a number of people were killed. The police captured all those who survived as well as 45 weapons, ammunition and explosives.. And, therefore, the takeover attempt on the Peruvian Congress never happened. It was going to take place in two days.

An American involved in the group was arrested separately. Her name was Lori Berenson. She had been living at that house and apparently was the lover of the leader of the MRTA unit that was posed take over the Peruvian Congress. She had been scouting the Congress with the wife of the overall MRTA leader posing as a journalist from the "Third World Press", of Brooklyn New York. Her ruse apparently was an interview with one of the female members of Peruvian Congress about what it was like to be a female member of Congress. Anyway she was arrested getting on to a bus the same day the police raided the house where the guerrillas staying. Her arrest became a *cause celebre* in the U.S. and the subject of an enormous "free Lori" campaign in the US, I think orchestrated by her parents, both of whom were university professors in NY City. Twelve years later I believe she is still in jail probably because the Peruvian population was outraged that a foreigner had actively aided and abetted a violent guerrilla group that had cost so much pain and suffering to Peru.

Almost exactly one year after the first failed attack and Berenson's arrest, the same group, this time led by the group's *maximo jefe* successfully took over the residence of the Japanese ambassador and took hostage 700 people who were attending a reception in honor of the emperor's birthday. 72 of them remained hostage for over 4 months. So yes, the guerilla groups were active when I was there, but little by little Fujimori was applying the pressure successfully with the support of the notorious Vladimiro Lenin Montesinos.

Q: That was his Chief of Intelligence?

MACK: His Chief of Intelligence who did all sorts of other things. Fujimori had recognized that Peru's role as the major supplier of raw coca and cocaine paste to the Colombian cartels was jeopardizing his efforts to bring about central government control of the country. The guerrillas were living off the proceeds of their taxation of the coca growers and processors and of taxation of the aircraft that landed in the jungle to take the cocaine "base" back to Colombia for refining into cocaine HCL. And Fujimori recognized that to get a handle on the guerillas he had to cut off the source of their financial support. Therefore, he moved very vigorously to support a plan to intercept aircraft that Colombian pilots and pilots of other nationalities were flying in to pick up the loads of cocaine base for processing back in Colombia. The US contribution was to help the Peruvians acquire the information on when these planes were coming in – the date, time of day, and landing location so that the Peruvian Air Force would be ready to receive them. Intercepting narco-aircraft isn't quite as tricky as you would imagine if you know when and where the planes are coming. We started this cooperation with Peru early 1995 if I am remembering correctly shortly after a US law had been changed to allow us to provide intel, in this case Peru, to intercept civilian aircraft bearing cocaine, provided certain safeguards were followed to insure the aircraft that the Peruvians had intercepted was the right one. I think for this sharing to be

possible, the US president also had to certify that drug trafficking from Peru was a threat to US national security.

Between January of ’95 until May of 1996 I think there were twenty or so successful “events” in which Peruvian intercept aircraft successfully intercepted narco aircraft, either in the air, on the ground as they loaded the cocaine base to transport to Colombia. A number of them were shot down, when they refused to land. Some of them were forced down. Some of them landed after the pilot realized he could not escape. Some were destroyed on the ground. It took about a year and a half for the first narco pilot to agree to land peacefully. I was surprised it took so long because the intercept success rate was quite high. But the upshot of these successful intercepts was that fewer and fewer pilots were willing to make trips to Peru to pick up a load of cocaine base.

But the coca bushes kept producing coca leaves . And the peasants kept making the coca paste and coca base so the stuff started piling up in Peru. When you have too much of something, what happens? The price drops. And the price of coca and coca base in Peru dropped over 80% to what was well below the cost of production . And when that happened the most coca farmers simply abandoned their coca fields. The weeds grew up and killed the coca. The result was in a four or five year period the coca production in Peru dropped by 70% percent. This was a real success story. .

Q: I don’t know if you got involved with this but last week I was interviewing a man in the NSC I don’t know if you know Randy Beers or not?

MACK: Of course I know Randy. I used to be his principal deputy when he was Assistant Secretary of the Bureau of International Narcotics and Law Enforcement Affairs. Great guy!.

Q: Randy was saying when this thing started somebody at the Pentagon said, let’s look at this because we getting all these radar tracks of narcotics aircraft flying between Peru and Colombia, but that after the Russians had shot down a civilian Korean Airliner violating Siberian airspace, the US passed a law making it a felony for anyone to give assistance to another country that led to the shooting down of a civilian plane.

MACK: Correct. That person was criminally liable, which meant we could not share intel on the movement of narco aircraft to the Peruvians or anybody else. So while we had the information, we could not do anything about it. Remember this law was in reaction to a Russian, not US, shootdown of a civilian aircraft. We had to change the law and it was changed. It said that there would be no violation of law if the countries that received the information took certain steps to determine to safeguard if they had the right aircraft in their sights and to give the pilot a chance to identify himself and to land if instructed to do so. Once that law was changed, which would have been at the end of 1994, we were able to provide the Peruvians the information they needed. The program was tremendously successful. It really changed the situation in Peru. As I said coca production dropped seventy percent in about five years.

Q: How did we evaluate Fujimori at the time you were there?

MACK: Well a couple of things. He was no great friend of the United States. Neither Al Adams nor his successor Dennis Jett had a relationship with him at all. This was in large part because both were following instructions to push strongly human rights issues. Fujimori basically cut off the American Ambassador. However his ministers were willing to cooperate with us.

Having said that, Fujimori was very successful in his early years in three absolutely key areas: (1) He got a handle on the guerrilla insurgency, (2) His political decision to use the Peruvian Air Force to intercept narco aircraft produced a dramatic reduction in coca production; and (3) The economy boomed while he was President. He strongly supported foreign investment in Peru. While I was there the economy was growing eight, ten, twelve percent a year.

There was a huge amount of economic growth and investment, mostly in mineral extraction or energy. But you could see it. He also had a very strong work ethic. He worked like crazy. I don't' know what he took but he had a huge amount of energy; he was going all the time, up to the altiplano and back to the coast. Huge altitude changes can be very fatiguing, but he did it all the time.

He was very supportive of the poor. For example, he pushed electrification in highland villages and in the *pueblos jovenes*, the shanty towns around Lima. You could see things happening. He also was very supportive of legalizing the status of the squatters who were putting up these shanty towns in he sand dunes around Lima.. Those areas would be squatted upon by the people coming in from the highlands, largely. He was very supportive of their getting services, and getting legalized. Of course he had a dark side as well. His election to a third term was questionable. But there is no question he won the first election and he won the second election. No question about it. He won them going away.

Q: I guess this is a good place to stop, Jim.

MACK: Okay!

Q: I will put at the end here that we are talking about the time in Peru '94 to '97 and we talked about putting down the insurgency and the drug trafficking and how we evaluated Fujimori.

MACK: One last comment. As authoritative a figure as he undoubtedly was, if he had left after his second term he would be a hero today. He probably could have come back and gotten elected ten years later. But he just stayed on too long. That is just sort of typical of many authoritarian people who believe they are irreplaceable.

Q: So we will talk about what was happening during the time you were there? The Peru-Ecuadorian War. W what the problem as we saw it with Human Rights? What was our relationship on that issue? Because it sounds like he was doing many of the right things? We will talk about that? And any other things that were going on there. Maybe the business, the role of the military and any developments that was there?

MACK: 1994 to 1997 in Peru.

Q: So during that time how were we dealing with him? The good points, the bad points and where were we standing?

MACK: Well! The mission had virtually no relationship with Fujimori as a person. He was not predisposed to the United States. Both our Ambassadors, Al Adams and Dennis Jett, early in their tenure, had forcefully expressed our human rights concerns to Fujimori, regarding alleged government involvement with death squads who had killed alleged leftists. That soured Fujimori on us so we did not deal with the Fuji government at a Presidential level. The Ambassador met Fujimori only when he was accompanying a high level visitor to call on the president. But I cannot recall that either ambassador had direct talks with Fujimori during my time, except to present credentials or escort a high level visitor, like the head of ONDCP under Clinton, Gen Barry McCaffrey. We dealt with the Peruvian government at the ministerial level. We did have access to the ministers and to the military high command so we were able to get our work done. .

The big issue was, of course, narcotics. Fujimori had come to the conclusion, I think I spoke about this the last time we talked, that the narcotics trafficking was fueling the two Peruvian insurgencies, the Sendero Luminoso and the MRTA, so he made a commitment and decision early on to really go after the traffickers. And I explained, I think, during our last conversation that he authorized the use of deadly force to force down or shoot down narco aircraft who refused to obey instructions to land. We had worked out the arrangements with Peru under which we could share intelligence just prior to my arrival. I believe we negotiated the deal with either the head of the Peruvian Air Force or Minister of Defense. I can't recall.

Under the agreement, the Peruvians had agreed to respect certain international rules related to how you intercept civilian aircraft, in this case civilian narcotics aircraft. You need to be aware that there were stringent requirements in that regard. Unless the Peruvians met them, any US official who passed information led to the loss of life could be criminally liable for murder.

Prior to that time, a US person who shared information that led to loss of life could be liable even if stringent safeguards were in place to avoid mistakes. So obviously none shared information under those conditions. In any event the law was changed; Fujimori agreed to follow strict intercept guidelines; and we began to share intelligence on narco aircraft. As it turned out, most of the information that the Peruvians used for intercepts they had gathered themselves based on training and equipment we had given them. In a nutshell, they were able to learn when the narcotics aircraft were coming and to what landing strip in the Peruvian Amazon. As a result when the narco aircraft was landing or when it was trying to take off with a load of drugs, it very frequently was intercepted by a Peruvian Air Force plane, often a plane we had provided to them.

The Peruvian Air Force was very successful in starting in '95 intercepting these aircraft, very successful. And during for eighteen months or so I think there twenty odd aircraft were shot down or shot up on the ground. I think of these 20, six or seven were actually shot down when they refused to land. Finally, after about eighteen months, the first narco pilot agreed to land when instructed to do so. It surprised me it took that long for those narco pilots to come to the conclusion that if they did not land, the odds were very good they would be shot down.

Q: What were the Peruvian Air Force flying for the intercepts?

MACK: They were flying actually A-37's which we had given them. A-37s are very old jet aircraft that only fly about 400 miles per hour. But that was fast enough since they were dealing with narco aircraft flying at half that speed. We had mounted F-16 radars on the front of the A-47s. In addition, we always sent up a separate aircraft to monitor the situation and help the A-47s identify the narco aircraft.

It was only many years later that we had this horrific incident where the Peruvian Air Force apparently didn't follow completely its own intercept safeguards and ended up shooting down a missionary aircraft. This produced the immediate suspension of all U.S. aerial intercept assistance to Peru.

The Peruvians were not following their own guidelines; they were rushing through the procedures. And in that particular case, the indications that the missionary aircraft was a narco aircraft were not there. It was actually going into Peru, not out of Peru . It was not varying its altitude. It was not trying to evade. It was in broad-daylight. They didn't bother to check the tail number. Or at least they had not gotten a response back before they opened fire. The interceptor never established contact with the missionary plane. It is true that narco pilots rarely acknowledge a request by the intercept aircraft to land. But the narcos usually flew at night. There were a whole lot of signs that should have told the Peruvian Air Force interceptors that the missionary aircraft was not a narco aircraft. But anyway, that tragic incident ended the intercept program in Peru. This occurred in 2001, four years after I left.

Q: During that time basically the pilots were taking coca out, was that it?

MACK: Well they were not taking out the coca leaves; they were taking semi-processed cocaine it was called "paste", in its crudest form or "base", which is more processed, but still not cocaine HCL, the product sold in the US.

Q: The big money is not there?

MACK: Well the biggest money is not there. But certainly there is money there. The farmers were not able to take it beyond *paste* or maybe *base* anyway. So they took it that far. And you are absolutely right if you compare the price they received for cocaine base in Peru to the wholesale price for cocaine HCL in the United States; There was a huge difference. It was probably two or three percent of the US wholesale value of cocaine. However, the buyer actually flew almost to your door and you didn't have to hump it over the mountains to Lima. It was a quite good deal for coca farmer as seen from his perspective. He wasn't really comparing himself with the wholesaler in New York. He was comparing himself to how well off he would have been if he were not growing coca.

Q: Was narco money penetrating the judiciary or military system?

MACK: This is a very broad question. I would not allege that narcotics penetrated to the degree that it penetrated in Colombia. I think there was much greater penetration in the Colombian Congress and Judiciary. But some military who served in the jungle areas where narcotics were

produced did become tainted to some degree. There were cases where the Peruvian Army Officers were directly involved with narcotic trafficking or protecting trafficking and being paid off by them. I don't recall instances of members of the Peruvian Congress or Legislators being involved. I don't recall that was the case.

Fujimori worried about that. He didn't want Peru to become another Colombia. That was often discussed.

Q: Incidentally the death squads seem to be a more general Latin American manifestation and not restricted to Argentina and Central America. Did you ever sit around and figure out why was so?

MACK: I mean I can certainly imagine why it was. In some cases it was a judiciary fearful to act because of the threat of retribution so that the bad guys walked. In other cases the incompetence of the police, their inability to collect good evidence, or maybe it did not exist. So it boiled down a feeling that from their perspective there was no other way to go after these people successfully.

Q: Well now can we talk about what started the Peru-Ecuador War?

MACK: Well the territorial dispute that started it has been around for many, many years, decades.

Q: We first got into it in 1942.

MACK: Correct. I have now forgotten the precise history, but yes, there was a dispute in 1942. There was another dust-up in the '50's or '60's. I can't recall exactly when. But what happened in 1995 was that the Ecuadorians had much better and easier physical access to the disputed area in the Sierra del Condor than did the Peruvians. This area gets 200 inches of precipitation a year. The terrain is very rough, mountainous. The forest is dense. The area is very difficult to move through, extremely difficult, with no access roads except on the Ecuadorian side. The access by the Ecuadorian side is not as precipitous so they built roads up to the disputed area and constructed fortifications just inside. This was just a way for the Ecuadorians to demonstrate their sovereignty over the Amazon, because it was on the Amazon slope of the Andes. And at some point the Peruvians noticed what they perceived was an Ecuadorian encroachment. I can't exactly remember what it was. But the Ecuadorians expanded a little bit farther than they had before, and the Peruvians caught on and told them to, "Stop" The Ecuadorians would not leave so the Peruvian military was given the order to oust them. And the Peruvians tried. They had to walk through fifty to one hundred miles of mountainous terrain even to get to these little forts the Ecuadorians had constructed, which were very close to Ecuadorian supply lines. It was very, very difficult for the Peruvians. They had some minimum success at first but the Ecuadorians held pretty fast. They had all the advantages of terrain and supply. And to add to the Peruvians misery, the Ecuadorian Air Force was flying cover over these areas and when the Peruvian Air Force attempted to attack the Ecuadorian positions. The Ecuadorian's shot down, I think, a total of about four or six Peruvian aircraft. Once again the Ecuadorian air base was much closer to the front than the Peruvian base. The Peruvian pilots faced horrendous weather in getting to the front whereas the Ecuadorians didn't because they didn't have to fly over the rain forested mountains.

So there was just a horrible fight that was very, very damaging and very difficult for the Peruvians. This was an extremely popular undertaking on the part of the Ecuadorian military. For years every Ecuadorian school child was taught that this was Ecuadorian territory and that the Ecuadorian army was simply attempting to obtain what was rightfully Ecuador's.

On the other hand Fujimori was not going to let Ecuador get away with it. And therefore the war ensued. The war was really a series of skirmishes. I do not know what the total death toll was but I imagine the its was in the hundreds with many more wounded. There was a cease-fire. Luigi Einaudi, then I think US Ambassador to the OAS, and who later became Assistant Secretary General of the OAS, headed up a group to try to find a solution. It took over a year but they did. Ecuador and Peru signed a Peace Agreement. I can't remember the date.

I have an interesting story about the war. Our military attaches from the embassy were prohibited from going up to anywhere near the war zone by their own commander because of "force protection" concerns. Instead we sent up our Political Counselor, not to the front line, but to Peru's forward staging area. We had him there for two weeks. He would report back to us by satellite phone on what was going on. It was ironic that the military was not allowed to go so we had to send our political counselor, a civilian. Sometimes the US military imposes tighter restrictions on its people that we civilians. They were very frustrated. It was a difficult time.

Q: Were we trying to prevent Peru, which got its nose bloodied at the Sierra del Condor, from attacking somewhere else? After all, Peru is a bigger country with greater military potential than Ecuador?

MACK: Correct, yes. We particularly feared that since the Peruvians were at a tactical disadvantage where the war was actually being fought, they might attack somewhere else where they would have an advantage. We worried that they would go up the Pacific coast and try to take Guayaquil. Fortunately, the war ended before that happened. But it was a pretty tense two weeks.

And, of course Fujimori went up to the war zone and walked around the jungle with his troops. Those were the days when Fuji was riding very, very high. He was seen as personally leading the defense of Peruvian sovereignty.

Q: How was it playing in Peru at the time?

MACK: Well it, I think the overwhelming majority of the Peruvian populace supported what it saw as Peru's effort to defend its natural territory. We could hardly really take sides. We just wanted the two sides to stop and work out an agreement. Remember we had military missions on both sides. And we were in contact with the military on both sides. Our desire was to foster some sort of cease-fire.

Q: I was having an interview with Les Alexander who was in Ecuador during he war. He was having a hard time with Ecuadorian military. He kept telling them that they were poking at a much bigger tiger than they were and urging not to do it..

MACK: The Ecuadorians were pretty full of themselves, I am sure. They were able to successfully hold off the Peruvians in that particular part of the country. But that didn't mean they could hold them off in the coastal area where it would be much easier to run tanks across.

Q: Was there a democracy? Was Fujimori a product of democracy?

MACK: Fujimori was popularly elected in his first and second terms, of that I have no doubt. I was there for his election the second time around. When he was elected for the first time, the traditional political parties were held in very low repute. And people basically elected the pig, if you know what I mean. Anybody but! He ran as the anti-establishment candidate. And the populace was so upset with the traditional parties that they wanted to turn to something new. In a sense that is what they did in the case of Chavez in Venezuela.

So, yes he did quite well in his first term. He began to get a handle on the insurgency and the economy was going up. In his second term he began to get a handle on the drug situation. So he was riding very high. He was very active in carrying out projects of electrification in the highlands and legalizing shantytowns being built outside of Lima. He spent a lot of time with poor people. So he was quite popular with them. He still is quite popular with those people.

Q: He is sitting in Chile now waiting to make a major comeback?

MACK: He has lost that opportunity because he lost his appeal to run for president. He is not going to be allowed to go to Peru. His time to inscribe himself as a candidate has now expired. This time around he will not be allowed to run as President. So he is out of it. So basically his gambit failed.

Q: During the time you were there how did the government relate to the economy and with different things American?

MACK: Would you believe that they were very, very supportive of foreign investment. The vast majority of the huge projects were aimed at minerals or hydrocarbons. Peru is very, very rich in all sorts of minerals and agreements were signed with quite a few foreign firms of various nationalities. Then also the Camisea gas project went out for bid. That was a huge project. So yes, there was a rush of foreign investment which produced very rapid economic growth. Unfortunately, mining does not create a lot of employment. It is highly capital intensive. So there was still a major unemployment problem. Peru is still Peru. But the investment situation improved tremendously. And the Economic situation improved.

The one question you did not ask me about was the famous takeover of the Japanese Ambassadors residence by the MRTA guerrilla group in December of 1996 on the Emperor's Birthday in somewhere around December 11th or 12th. For the Japanese, the Emperor's Birthday is equivalent to the 4th of July. And as far as the Japanese are concerned, with Fujimori being of Japanese origin, that event took on a greater import in Peru. The Japanese Ambassador, who was a good friend, had invited the who's who of Peru. In addition to the diplomatic corps and 20 ambassadors, you had the captains industry, plus all the senior people in the military, the cabinet, the congress, the supreme court, something like 700 guests in all. At about 8:30 an explosion

ripped open the wall behind the garden where the reception was being held. The charge had been placed by the MRTA, the more orthodox of Peru's two guerrilla groups, with links to most of the other movements in Latin America. 14 armed MRTA guerrillas charged through the hole in into the reception. They essentially held Peru in their thrall for four months and ten days.

Q: Were there Americans in there?

MACK: Yes, there were I think twelve American Embassy people were taken hostage. I was not one of them, I had just left along with the Ambassador Jett very early in the evening because his mother and my son were flying in for the Christmas holidays and we both had to go to the airport. And six minutes after I left I heard an explosion followed by machine gun fire. I lived about six blocks away. At the time I was not particularly concerned about it because we did hear this kind of thing from time to time. My wife insisted that I check with the Marine Security Guards, who had just received word that these guys had busted into the Japanese Ambassador's residence. Once they were inside, the walls around the residence became the defensive barriers for the terrorists. All the armed security guards who were supposed to be protecting the VIPs were stuck outside the walls and there was nothing they could do.

Think about the situation for a moment. There were 700 people inside the spacious grounds of the Japanese Ambassador's residence all dressed up in their finery frantically making their cell phone calls. After about 4 hours, the guerrillas let all the women go, including one of my political officers, who came back and described all of this to me. The MRTA guerrillas did this for practical reasons. They realized they simply could not handle 700 hostages. Food would have been an issue. Sanitation. So they got rid of that group and through periodic releases over several weeks whittled down the numbers to about seventy some odd, which they held on to until the end. For reasons that I still do not fully understand, the guerillas made a decision not to keep any Americans long term. All were freed within a week. Maybe they did not want to engage America head on on this. Maybe, the decision was not pick a fight against the United States or cause a big problem. But they let the Americans go fairly quickly, although the week they were held captive was hell for their families and stressful for all of us.

Among the 700 they initially took hostage, were about twenty ambassadors. They gradually release all of them as well, except the Bolivian ambassador Jorge Gumucio. And the reason they held Gumucio was because the Bolivian government had jailed one of their comrades in Bolivia and had refused to release him. From the Japanese Ambassador's residence, the head of the MRTA group issued his demands, which was for the release of four hundred MRTA prisoners the Peruvian government was holding. He actually presented a list with the names of the 400. By the way the American woman Lori Berenson was near the top of the list.

So Fuji was faced with complying with that demand or risking a really nasty outcome. But it was clear Fujimori felt that for a Peruvian President to release the imprisoned guerrillas after all these years of fighting would have been a gesture of surrender of sovereignty. He would have lost any credibility that he had as a President. And we all know that Fujimori, if anything, was into defending power. There was no way he was going to release them .

And the guerillas made a whole lot of mistakes. The biggest one was that throughout the 4 month standoff with the Peruvian government, the MRTA never relaxed its initial demand that the government release all four hundred MRTA prisoners on the list . Not that Fujimori would have honored an agreement to let a few guerrillas go. But, they never even put Fuji in that situation where he had to decide whether to free a smaller number of the guerillas in exchange for freedom of the hostages. They never put Fuji to the test in that regard. Can you imagine a similar hostage situation in the United States in which a sitting president would agree to free four hundred terrorists in exchange for some high level people held hostage? No President can do that and retain creditability; and it would be an impeachable offense even in Peru. It was not in Fujimori's nature anyway. So while negotiations were going, Fujimori was busily assembling his Commandos and retaining some Israeli experts to advise or train the Peruvians how to carry out assault on the Japanese Ambassador's residence to free the hostages.

Q: Would he have turned to us to help him?

MACK: To my knowledge he never asked us for help directly. We did have an intel relationship with the Peruvians and did cooperate in important ways during the hostage crisis. But Fujimori never once acknowledged our assistance when I was there even to senior visiting US officials when given an opening to do so. He did not want to admit we had helped. And he fact was the US did not plan, train the Peruvians for, or participate in the raid that freed the hostages. That was Fujimori's doing. He brought indigenous miners in from the highlands to tunnel under the residence from outside the walls, and of course he brought in the Israelis to help train his commandos. The tunneling was a slow, painstaking process. To mask the noise, the Peruvians played the loud-speakers they had placed outside the walls at a very high volume. The tunneling and the preparation of the commando attack took a fair amount of time, but at some point I guess his people came to him and said, "okay, Mr. President we are ready". And they had placed explosives right under the floor of the living room of the residence. They detonated these explosives there and in several other places and the commandos rushed in. They were actually able to free all the hostages but one got caught in the crossfire in the escape and was killed. He was a well respected Supreme Court Justice. The Foreign Minister, also a hostage, was wounded in the leg.

In the end some of the guerrillas may have suffered from I guess what you would call a reverse Stockholm syndrome in that at least one of them had sufficiently bonded with the hostages so that he was unwilling to follow his standing orders to execute them if there was a rescue attempt.. He just couldn't do it. Some guerrillas were killed outright when the explosion went off under the living room where they were playing soccer in the living room. But most were not killed in the initial blast.. One or two of them simply refused to kill the hostages. And it was over very, very quickly, maybe a couple of minutes. No guerrillas survived and I will leave it to you to imagine how that could possibly happen. But in the end Fujimori won a tremendous victory. During the hostage crisis the whole country was hanging on every moment. The government was paralyzed. Nothing was happening. Imagine. A senior intelligence officer was a hostage, a senior naval and army officer, Supreme Court Justices and Ministers. There was just an amazing number of high level Peruvians held hostage.

So that was another huge victory for Fujimori. But I want to tell you that when the hostages were taken, which included I think 12 US Embassy people, the US very quickly sent down a special crisis task force. And I think it is a great credit to the Embassy to be able to organize itself successfully to deal with the crisis with the help of the people who came in. The folks who came in were very competent but some were also very strong willed. However, we were able to successfully integrate them into the country team, and there was very little friction.

And during that whole period, which was four months and ten days, this task force, worked successfully to coordinate all information that we were able to acquire and do whatever needed to be done to help ensure a positive outcome.

Q: Did the group that was holding the hostages have much communication with the outside or were all their eggs in one basket?

MACK: To my knowledge, if the guerrillas were able to communicate with the outside, it was minimal. This was because one of the first things that the Peruvian government did was to totally cut them off, isolate them. They were forced to live in a bubble. And because of this, the MRTA leader may have developed an unrealistic understanding of how strong the cards he was holding were or were not. Or maybe he was just stubborn or had an inflated view of his power. He showed no flexibility at all. I am not saying that ultimately he would not have been undone in any event, but his inflexibility assured an outcome that was disastrous for him.

Q: Well now, was the young American woman associated with this group?

MACK: Yes, directly.

Q: I can imagine that you found it hard to feel sympathetic towards her. During the time you were there, how were you dealing with that?

MACK: Well, here is a little bit of a background. As I told you last time, one year exactly before the takeover of the Japanese Ambassador's residence, the same group had been plotting, and was within a day or two of an attempt, to take over the entire Peruvian Congress. They had brought in something like forty-five guerillas from their operations in the Amazon, mostly Amazonian types who were totally alien to Lima, and housed them in a toney Lima suburb where, by the way, some of our people lived and who witnessed what I am going tell you.

The house where they were staying had been rented for this group by Lori Berenson. She rented it, she and a Panamanian. I saw a copy of the rental document. The two were foreign *internationalista* revolutionaries who had come to Peru to support the MRTA. Berenson and the Panamanian rented the property for the MRTA. And I understood that she actually lived there with her boyfriend who was one of the leaders the assault group that was going to attempt to take over the Peruvian Congress. Berenson had come to Peru posing as a journalist for the "Third World Press" of from Brooklyn, New York. I think the Third World Press was just a front. She had just left an interview in the Congress with a female Peruvian Congresswomen named Townsend on what was it like to be a female in a predominantly male Congress. Berenson was picked up by the police shortly after interview getting on a bus, along with the wife of the

MRTA leader. The leader himself happened not be in Lima at that moment so was not arrested with the others. The reason that the government found out about this plot was that apparently someone in the neighborhood reported an enormous amount of bread being delivered regularly to this upper middle-class house. Clearly the food deliveries were a lot more than one would expect for a family of four. The fact is they were a family of forty-five. The police surrounded the place. When they realized what they were dealing with, they called the army for backup . A shoot-out ensued. A few guerrillas were killed but most of them were arrested. Berenson had been arrested near the Congress shortly before the shootout so was not at the house at the time. In the house the police found automatic weapons and Peruvian Military Police uniforms. The also found somewhere a truck painted to look like an army vehicle. The group was clearly ready to go. Their audacious plan probably would have worked if their staging house had not been discovered.

Three or four months later -- at that point Berenson was in jail -- a videotape was sent to a Lima TV station which it played on the air. The video showed the head of the organization standing in front of a black curtain with the insignia of his group. In front of him was a mockup of the Peruvian Congress. He proceeded to explain exactly how the take over was going to take place. He said, in effect, you caught us this time but we will be back. And exactly one year to the day, they were back and successfully took over the Japanese Ambassador's residence during the reception in honor of the Japanese Emperors' birthday. The residence was a large walled property. One three of its four sides, the walls bordered directly on the street. On the fourth side, a row of houses sat between the wall on the street. One of those houses was rented from someone from the German Aid Mission who happened to be on vacation. It was through that house, the guerrillas gained access to the one residence wall sheltered from the street. Several days before the attack, the guerrillas showed up in a ambulance. They took the house guard prisoner and went inside, set up and waited for the big reception. As the reception got under way, they placed an explosive against the wall, set it off, ran through the hole, and took 700 stunned guests people hostage. It was very well executed. Anyway your question was how did we deal with Lori Berenson.

By way of background, Berenson had dropped out of MIT as a sophomore. Apparently she had been radicalized while in El Salvador on vacation when she stayed with a family of guerrilla sympathizers. That is what I understood. She later married, and I think then divorced, a Sandinista from Nicaragua. During the El Salvador peace negotiations, in 1989 I think, Berenson, apparently unbeknownst to the USG, actually served as a secretary to the head of one of the FMLN guerrilla groups which were then negotiating a peace deal with the government of El Salvador to end th war. She actually sat in on the negotiations as notetaker for the guerrillas. But at the time the US did not know she was an American. Her role with the Salvadoran guerrillas only came to light after she was arrested in Peru in 1995. I am just speculating here, but putting two and two together, it was probably because of her impeccable revolutionary credentials in Central America that she gained entire to the MRTA in Peru. You need to understand that most Latin American revolutionary groups like the MRTA had very close ties with each other. They fought in each others insurgencies. I don't know if you were aware of this but they did. I recall that there were Peruvians were fighting with the FMLN in El Salvador when I was assigned here. Berenson must have gotten an introduction to the MRTA and agreed to do some logistical work for them.

Berenson's parents were very concerned that she had been arrested. They were very well educated people from New York. I think her father was a professor of statistics, and her mother a Physics Professor. I met with them I think twice. They just could not believe and refused to accept that their daughter would be involved in any terrorist acts. They probably still don't believe it to this day. To them, she just wanted to help the poor and oppressed. Berenson's parents came to Peru very frequently to visit her, and while there met with Ambassador Jett and me, I think twice. Our head consul regularly trekked up to the altiplano to visit Berenson at a prison over 14,000 feet above sea level and deliver food, clothes and vitamins, which she shared with her fellow revolutionaries. However, she was at that particular prison by her own choice because her boyfriend was in the same jail. Finally she agreed to be transferred down to a prison at a lower altitude. I still think she is in jail to this day.

Q: I think so too.

MACK: And this despite a lot of pressure from the United States on the Peruvian Government to release her. You would be amazed and dismayed to learned some of the sources. But neither the Peruvian government nor the Peruvian people felt very sympathetic to foreigners who came in to support insurgencies that went on for 20 years and produced 20,000 dead. And the Fujimori government was not about to give in to pressure to release somebody simply because she was an American. Now, her parents insisted all along that she was innocent. Moreover, her first trial was judged by international observers not to meet internationally recognize standards of justice. So she was tried again and convicted again. She has been in jail for over ten years, long after Fujimori left office.

But what I want to tell you is, the U. S. position always was to insist Berenson receive fair treatment and a fair trial regardless of what she may or may not have done. And, of course, she was entitled to and received consular representation and regular consular visits. And we went out of our way to provide her first class consular protection in every aspect. When I was there, a consul would visit her every month.

Q: What were the Consular Officers' impressions of how she was doing there?

MACK: They found her very strong willed and utterly committed to the revolutionary cause. They respected her commitment, not her position. But the fact is that this was not a person who ever repented for what she had done or ever disavowed her group for that matter. She was an extremely, extremely committed person. By the time I left there had been no change in that at all.

Q: When you were there were there any problems with Bolivia or with Chile at the time?

MACK: Between Peru and Chile? I don't recall any major problems.

Q: Were there any old issues?

MACK: The big issue was the border dispute with Ecuador when I was there. You are referring to the War of the Pacific 130 years ago when Bolivia lost its seacoast to Chile and Peru lost

about 200 miles of coast, also to Chile. But I did not see the effort by Peru to reopen that issue while I was here. Bolivia is another matter.

Q: Any fishing problems?

MACK: I don't recall any fishing problems. You are referring to the 200 Mile Sovereignty Zone off the coast. The world came to accept the concept of a 200 mile economic zone but not 200 mile sovereign zone. Before I arrived the Peruvian Air Force shot at a US C-130 on an counter narcotics mission over what we considered international waters, killing a member of the crew. The plane had been flying over Peruvian air space but at the time of the attack was well off the coast about 60 miles off he coast. The C-130 had refused the interceptors' order to land in Peru. Worse still, the Peruvian pilot was actually decorated for his heroic act against an unarmed aircraft. That certainly produced some bitterness on our part. But that incident was no longer a hot issue when I was there. That happened earlier.

Q: Well was there anything else that came during your time in Peru?

MACK: Three months before I arrived, a car bomb placed in front of the old embassy downtown had killed two local guards and blown out most of the front façade of the embassy. One year after I arrived we moved into our new embassy. This was a long awaited and welcomed move, but also very complicated. And, of course when you are a DCM, there are things you have to do. One thing is negotiate space arrangements for the various sections and agencies in the Embassy. And of course people are very territorial. But actually the move worked quite well. It really did. I would not call the new embassy beautiful, but it was imposing, interesting and very secure.

One problem we had to deal with was that the design for the new embassy compound did not envision any exercise facilities for the 650 people who were working there. Now in any Federal facility, and especially one that was a danger post, you would expect people to be given a place on the premises to exercise. We are supposed to encourage our employees to be healthy. And because of certain security restrictions, there were not a whole lot of places you could jog around Lima at the time. It was dangerous. The compound consisted of I think 18 acres, which is pretty good sized. There was open space. So we thought why not find a way to put in some exercise facilities . We had all of these military personnel, a lot of them on TDY, who wanted a place to exercise. The Admin Counselor was a very astute fellow and when we put our heads together, we realized there was a line item in the construction budget for the embassy called "site work". Basically it was to pay to clean up after a major construction project. With those funds, I think something like $70,000, we built a really nice soccer field that is there to this day, along with two tennis courts, and a basketball court. Plus we were able to fix a little space in an out building for a gym that we bequeath to the incoming generation of embassy, all of which are still there and used to this day.

End of reader