

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

JUDD KESSLER

Interviewed by: Charles Stuart Kennedy

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Q: Today is the 19th of May, 2010, an interview with Judd Kessler. And this is being done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy.

And do you go by Judd?

KESSLER: I do.

Q: Well let's talk a bit about- In the first place, when and where were you born?

KESSLER: I was born in Newark, New Jersey, in 1938.

Q: All right. Now you- What about on your father's side, the Kessler's side; what do you know about the Kesslers?

KESSLER: I know that my grandparents on the Kessler side came from what was once the Austro-Hungarian Empire and is now the western Ukraine, about 1890. And that my grandfather was a cabinet maker and my father a bookkeeper, not a CPA; attended a couple of night classes in college but never graduated college. He was one of four brothers, two of whom started their careers as musicians playing on cruise ships going from New York to Panama but my father as the oldest in the family quit school- stopped trying to go to school early and, instead, helped supporting his parents and the other kids.

Q: Well do you know what inspired your grandfather to come to the United States?

KESSLER: Absolutely. Poverty, Anti-Semitism and also a desire not to be serving in the Kaiser or the Czar's army.

Q: Conscription was a great recruiter for American citizens. What about on the other side, the grandmother, grandfather; where were they from?

KESSLER: On my mother's side?

Q: Yes.

KESSLER: Well I know where they were from; they were from Latvia, from a town that had three different names, a German name, Dunaburg a Russian name, Dvinsk, and the third one, Daugapils, was probably Latvian. But the real mystery is what their real last name was because my grandfather on that side, according to the family legend, was very frightened when he came to the Customs Official at Castle Garden, In New York, the entry point, because he didn't speak English that when they asked him his name, he allegedly said "The same as the fellow in front of me." So we've been trying to verify that story. One family member has information indicating that the real name might be either Antonas or Antonisius but I'm still not satisfied we have found the truth.

Q: Well your family came from areas where- there was a Jewish population; are they of the Jewish-?

KESSLER: Absolutely.

Q: How, sort of how Jewish was your family?

KESSLER: I was raised in a family that kept a kosher household and went to orthodox synagogue, where I began my religious education. But bit by bit I learned that my father was not at all a rigid believer. He believed in his own beautiful way but that included being able to take the family to a Chinese restaurant to eat "kosher" shrimp.

Q: What sort of a city was Newark at the time? I mean I assume that there was probably a rather distinct Jewish neighborhood.

KESSLER: There absolutely was. Newark was a fascinating town. It was divided into ethnic neighborhoods; the Jewish neighborhood was on the south side, then there was the west side which was mostly Italian and then there was an Italian-Irish population on the far side and then on the east side a Polish-Slavish neighborhood and a couple of black neighborhoods in the downtown. So every football game had potential for a gang war but it was an interesting place to grow up. And the high school, Weequahic High School in Newark, New Jersey, became a place that regularly sent a number of people to Ivy League schools though it was a lower middle class neighborhood. Philip Roth came from that high school.

Q: Oh yes, then author.

KESSLER: Yes.

Q: Well let's talk about, first of all about the family. What was your family like? Was it a cohesive group or-?

KESSLER: It was a cohesive group, not that there wasn't a certain amount of tumult within the house. But my father was one of four brothers, my mother was one of eight children and so there were lots of relatives and-

Q: And they lived, many of them-

KESSLER: They lived either in nearby New York or they lived in the New Jersey suburbs; they were all within striking distance. So on weekends, one day was often spent visiting one relative or another.

Q: Well now, your father was a bookkeeper; for whom?

KESSLER: For a string of food wholesalers at the Newark farmers' market, principally.

Q: And your mother?

KESSLER: My mother helped him some of the time and then did some office work on her own for others, bookkeeping and sort of secretarial work.

Q: Did she graduate from high school?

KESSLER: She graduated, they both graduated from high school.

Q: Well then, did you live in an apartment or-?

KESSLER: No we lived in what in Boston is called an Irish battleship. It's a two and a half family house which had one full apartment on the first floor, another one on the second floor and kind of half an apartment on the third floor.

Q: Yes, a three decker.

KESSLER: Right.

Q: What was the neighborhood like?

KESSLER: The neighborhood was a very lively, spirited neighborhood, a lot of pride around the schools, active Boy Scout troops and so forth. It was a very vibrant Jewish community. These adults were generally from families that had come to into the United States in the previous generation. They were on their way up and boy, you know, their attitude was you had better do your homework or else...

Q: Yes, I've talked to some people who grew up in neighborhoods like that who say that the first time I met somebody who was not Jewish was by the time they got to college or something like that.

KESSLER: Not that bad but I have some funny stories from high school, my first getting to know my first black friend, and my first Catholic friend. But it was definitely insular in a certain way because Jewish people felt self conscious and felt the world didn't necessarily accept them. And of course, they were right.

Q: Well you were obviously too young to really get it but after World War II was sort of the impact of the Holocaust, was that brought home to you?

KESSLER: Not immediately. I think I didn't really come to begin to understand the enormity of the Holocaust until much later. And that's very interesting, actually, that I don't remember being conscious of it through high school.

Q: Yes. Well I think this is true all around. You know, people kind of knew it but it really didn't permeate until really later, almost a generation later.

Were you much of a reader?

KESSLER: As a young person I really wasn't. My world opened up when I went off to Oberlin College and even there I didn't become a reader for pleasure until after I had graduated. I was a very fidgety kid who was always off doing something or other, sports, music, other activities but really couldn't sit still long enough to read a book. Very likely if I had been growing up today, I would be considered to have features of ADD, but then no one understood such things.

Q: What instrument- Did you play an instrument?

KESSLER: Piano mainly. I learned guitar later, just kind of picked it up with friends, folk singing and things like that. But I started classical piano when I was seven and I did reasonably well. I have continued to study classical music – and to play pop music , mostly by ear, throughout my life. It has brought me a lot of pleasure – not to mention a certain amount of success with the opposite sex.

Q: Did your family, particularly it's usually the mother who sat on you to do your homework and that sort of thing?

KESSLER: They didn't really need to do that. I really liked the music, and, of course, I liked the attention when I got to perform. My mother did come to the edge of the playground at 5 p.m. almost every afternoon and blow a whistle – which meant that I was supposed to come in to practice the piano. it was embarrassing, but like a good kid, I went in and practiced the piano.

Q: Where'd you go to elementary school?

KESSLER: Right there - Our house was right next to the playground fence of Chancellor Avenue Elementary School, which was one block away, and then the high school, Weequahic, which was just another block.

Q: So no busing was involved. How'd you do in school?

KESSLER: I did well in school. I was in the top 10 in my high school class. But then when I applied to Oberlin, my impression is that I barely got in. I took a scholastic

aptitude test the first week or so that I was there and it predicted that I would be in the bottom 10 percent of my class. Well I messed that exam's statistics. I was a Phi Beta Kappa and went on to Harvard Law School with a full tuition scholarship for the first year.

Q: Well did- What sort of activities were you involved in in high school?

KESSLER: I ran cross country and track and I played basketball. I- What else did I do? I wrote occasionally for the high school newspaper. A friend and I had a sort of a photography business; we took all the photos for the proms and the classes for yearbooks and things like that. And other than that I don't really recall any great activities.

Q: As a kid in that era I imagine that there weren't a lot of sort of organized sports. I mean, you kind of did your own thing or not?

KESSLER: You mean after school?

Q: Yes.

KESSLER: Oh well, this playground that we lived next to was a major center of activity. There was plenty of pick-up basketball and softball, and there was a softball league. I was a member of a little informal athletic club, the Senecas, that played in that league; then it was stickball against the wall or something like that. That playground was the meeting place for kids from miles around-

Q: In a way things are considerably different now. It's terribly organized but-

KESSLER: It's very unfortunate because a lot of kids can't always have their parents taking them to these places. And there are all these worries about, you know, child molestation and so forth seem to me incredibly out of place, exaggerated and overblown.

Q: How did you fit within sort of orthodoxy?

KESSLER: I didn't give it a lot of thought. Our family kept kosher but interestingly my father developed a taste for all kinds of foreign foods and so, as I mentioned earlier, we would go out to Chinese restaurants and Italian restaurants that certainly weren't kosher but, for my parents, that was okay.

Q: You didn't ask.

KESSLER: Yes, I'd ask or make some comment. But what's interesting to me is that my dad was the one who was really from the strict background and I'm sure that his father wouldn't have approved. But he made that break. Most of his clients were Italian; he got interested in other foods. I think that was the beginning of my interest in "things foreign"

Q: Well yes. If your father was doing wholesale foods this was certainly an area where things, I mean it wasn't pure, what you'd call "American"; it was very much the New York area was ethnically completely diverse.

KESSLER: Right.

Q: In high school, did you find yourself concentrating on any particular courses?

KESSLER: I did the traditional college preparatory courses; two years of Latin or maybe-yes, and three years of Spanish; social science courses, whatever required science courses there were, and so forth. From an early age I knew that lawyers were respected, that they were prominent in politics, and that they seemed to earn decent money. I always had some interest in justice and so from early I had a vague sense that being a lawyer was what I was going to be. I really didn't understand what a lawyer was until I got through law school. It took me quite a while.

Q: Well then while you were in high school you were, I mean I take it you were aimed for a college education?

KESSLER: Absolutely.

Q: Why Oberlin?

KESSLER: One of those happenstance things. As I say my parents hadn't gone to college, they knew very little about it. The "college counselor" at my high school didn't seem to know much either. But I had a cousin named Perry Root, who had gone to Oberlin about 10 years before and Oberlin had an additional important aspect which was its conservatory of music. And it seemed like a nice, you know, liberal arts college and so I applied there. I got into three schools out of the four that I had applied to and I chose Oberlin. And Perry gave us some help with the tuition for the first year.

Q: You were there from when to when?

KESSLER: Nineteen fifty-six to '60.

Q: When you got in there in 1956, what was Oberlin like?

KESSLER: When I went back for my 25th reunion I looked at the town and I said this dinky town has got one movie theater that's only open on the weekends; there's nothing to do here. How could I have possibly been so happy? And that's how it was. It was a sleepy little town. It had a couple of interesting buildings architecturally but it was a very quiet, small, place. You may know Oberlin's history started with Congregational Church Ministers.

Q: First school with "mixed" classes, wasn't it?

KESSLER: That's right. It was the first co-educational college in the U.S., the first college where whites and blacks went to school together and it has this conservatory of music, which led to an amusing airplane conversation between me and some guy flying across the country. As we were about to land he said well this was fun. What school did you go to? I said Oberlin. He looks at me and says "Oberlin? Isn't that a music school for colored girls?" Like they say, a little knowledge.....anyway, Oberlin was just bursting with idealism, very little feeling that if you didn't have money or status you were in some kind of second class status. And that was important to me in choosing my school. I knew I would have a lot less financial resources than others and that I wasn't going to have a car (no student could – legally at least). It was a wonderful four years and the beginning of the opening of a world I had never imagined.

Q: Did- While you were in New York or in Oberlin did the outside world intrude in your interests at all?

KESSLER: I'm not sure what you're asking.

Q: Well in other words were you aware of, I mean not more than aware, did you follow events and-?

KESSLER: Ah. Yes and no. I was generally aware of current events, but not yet a student of them. the year I started college, 1956, was the second time Adlai Stevenson ran for president and I volunteered and did some handing out of leaflets and so forth for him. And 1956 was also the year of the Hungarian-

Q: Uprising.

KESSLER: And then the squashing of the Hungarian uprising and-

Q: The Suez crisis too.

KESSLER: Yes. I'm not sure I understood enough to understand about Suez at the time but I do remember going to a demonstration in Cleveland Public Square, which had a tremendous Hungarian population. The professor who ended up becoming my most important influence at Oberlin, named George Lanyi, was Hungarian. So I think he had a role in organizing this big demonstration...and those are some of the things I remember from that first year.

Q: Well what sort of courses did you- What sort of courses were you taking?

KESSLER: In those days distribution requirements were more significant than they are now. I thought I would major in political science and I was interested in economics; it was required to take a couple of years of English: first composition and then literature, and I basically found my way bit by bit. I took whatever was required; I got rid of my chemistry in the first year, realized that science was not my strong area, and then began to explore, with no real sense that international work was going to play an important role in

my life. I was just interested in American government, comparative government, a number of economics courses, philosophy.

Q: Well the Cold War was really hot in those days.

KESSLER: Right.

Q: How did that manifest itself at Oberlin or did it?

KESSLER: It did. The McCarthy era was fresh in everyone's minds. In my senior year I was president of the student council at a time when we had to deal with the National Defense Education Act, which had a loyalty requirement and the question was, what should we do about it? The issue created a great tumult on campus and Oberlin was one of the first schools to reject participation in the program on that ground.

There was a lot of discussion of communism and what it meant and what it didn't mean. I remember once receiving some piece of literature in the mail from some communist or left wing organization and the post office brought with it a form that you had to sign on the line saying that, essentially, this was not random "junk mail" but that you (without first reviewing the contents) had to say that you wanted to receive it - or otherwise they would cut it off. I said I did want to receive it; and that it was none of anybody's business but mine if I wanted to read the material, or look at the pictures. What I really mean is that with this Hungarian professor I began to study and understand something about how communism came to be and what the confrontation was all about. But, I don't remember it being an overwhelming presence in college life.

Q: Did you find that there were professors sort of from the right and the left and I mean, were you sort of sorting out your professors? I mean, at least by reputation?

KESSLER: That's an interesting question. Among the students there was no such thing as a respectable Republican. There were a few people who spoke for right wing issues but nobody paid any attention to them. On the faculty I don't think that there was any indication in classes as to the political views of the professors. This includes the politics professors, economics professors; I really don't remember there being a bias on their part. I don't know what party they voted for and I don't recall anything like indoctrination or criticism of my views or those of other students. But of course most of us were so idealistic and you know, the combination of the religious history and idealism of Oberlin (once a stop on the underground railroad). And – of course, it's so 'natural' for young people to lean left at that age, that I'm not sure I would even have noticed.

Q: Well now this was- you graduated just when sort of the civil rights movement was beginning to go and you were obviously removed from the South but was there concern or anything going on on the campus regarding segregation and all?

KESSLER: I think it was just taken as a given that segregation was wrong, that the federal government ought to be taking an important role in seeing it come to an end.

Oberlin's black population among the students was probably not more than 10 percent. The issue certainly didn't cause division and discussion; it was just kind of understood that that was wrong and it should be otherwise.

Q: Well it brings me up to another subject, going up through- let's take it up through your time at Oberlin but including your time as a kid in Newark and all; did you run across any prejudice against Jews or this sort of thing?

KESSLER: Not of the dramatic kind. At that time it's fair to say that what we now call WASPs or certain kind of eastern Protestant folks, sort of ran the country. I knew that Jews were less welcome in certain professions or areas of activity than others but I don't recall, you know, ever being directly confronted with somebody calling me names or anything of this sort but I do remember, you know, there were clubs you couldn't belong to and suburban areas where you would not be a welcome neighbor. There was just this understanding.

I had an uncle who had come to the U.S. from Russia in 1917 and started selling clothes with a pack on his back in Jersey City, NJ. This uncle, Adolph or "Addy," borrowed money from everybody in the family, including my father, during the Depression and opened a store in a town called Summit, New Jersey. Summit became a very fancy commuter suburb of New York and Short Hills right next door and so forth, and this was definitely not Jewish territory. Well as a teenager, I worked in that men's store, which became a huge success. The store, Roots, Summit; ended up having 10 branches including one in Boston and was eventually sold to Hart, Schaffner and Marx. I worked there during vacations and summers during high school and part of college. There, I don't know, I saw a certain attitude toward Jews on the part of some of the store's customers but it wasn't anything very dramatic. Maybe it's because I lived in such a Jewish neighborhood and then went to Oberlin where Jews made up maybe 20 percent of the student body (and were very vocal) that I didn't have a strong sense of "being on the outside looking in..." So I don't think I, personally, was exposed to severe anti-Semitism – but it was definitely a reality in terms of opportunity and certain social boundaries.-

Q: Another question going back to your Newark time, were you able to get in to New York and enjoy New York like, you know, the plays and things like that?

KESSLER: Not many plays. We would get into New York; it was easy to go by bus. We'd get to the museums and Shakespeare in Central park, and Jazz – and, of course, at least one new Year's Eve in times Square.

Q: Well then, so you graduated in 1960. By the way, did you get involved in the election of 1960?

KESSLER: I did. I didn't go out and campaign or anything but I was definitely a Kennedy man and most of the students that I knew were. It was an exciting time.

Q: Well then you had already decided to become a lawyer. Was that what you were aiming for?

KESSLER: That's an interesting question. I got into student politics at Oberlin, and felt I was decent at it. My idea when I went off to law school was that I was going to go back to New Jersey, get into a good law firm and be the next senator from New Jersey. That was my aspiration.

Q: So what happened?

KESSLER: Well I got into a good law firm...-

Q: Well let's talk about law school first. You went to Harvard?

KESSLER: Right.

Q: How did you find Harvard Law?

KESSLER: You mean how did I like it?

Q: Yes.

KESSLER: I didn't. My first year at Harvard Law School was a big disappointment. I won't say a completely unhappy time but it wasn't what I thought it should be. You were surrounded by people – overwhelmingly men – who had been stars at whatever schools they came from. – The law school was very clever at sizing up the psychology of this highly competitive class. They took some joy in inviting the whole class, 550 of us, into an auditorium during the first week and the dean would get up and read off the statistics of the class. He said well we have an average law school aptitude test of 94th percentile, we have so many student body presidents, so many Rhodes scholars, so many Merit scholars, this scholars, that scholars and so forth, and the reaction of everyone in the room was the same. We all looked around and thought: "I could be the dumbest guy in this class." It set quite a tone of tension which ran throughout the year.

Q: Yes.

KESSLER: I found that it made me too nervous to study in the tense atmosphere of the library. Instead, I went to study at a chemistry lab where one of my Oberlin friends was working. Classes were often entertaining and there were good professors but I heard very little about justice during the first year. Instead; I heard mostly a bunch of clever arguments about how to win this case or that case and nobody seemed to care about the adequacy or fairness of the result. It was not until the second year that I met the professor who turned my head on all that.

Q: Who was that?

KESSLER: His name was Henry M. Hart, Junior. He taught a course called "The Legal Process," which was not a jurisprudence course but was a series of case studies of how the law works in practice. And this man just breathed passion for the law. - You understood when you got finished with these case studies how the law worked and what was fair and what was not. There was just something unstated but it came from the sources of whatever dispute was involved or whatever problem, and I said to myself okay, now I remember why I came to law school.

Q: Well did you find that there were various aspects of the law that you really wanted to get involved in and other ones you didn't?

KESSLER: Hmm... I never considered going into criminal law. We were required to take the criminal law course first year but I never pursued anything to do with that. I was more interested in law and business, whether it was anti-trust litigation or some kind of complex business related law.

Q: Well did- There was a movie that came out, "The Paper Chase"; did that reflect at all the first year of law for you?

KESSLER: A wonderful, historical document, I think it contained a great degree of truth. To take a "Paper chase" sort of example from my personal experience, in my first month and a half at school we were to write our first moot court brief and before doing that you had to identify what were the issues in the hypothetical case. And so they had groups of 10 or 12 students and then an instructor - who was not a professor, but rather a member of the Board of Student Advisors, very bright upperclassmen - the group just below the top students on the Law Review, and so we were given this case to read and the instructor asked if we had identified the issues in this case? Several people raised their hands he called on a fellow named Mr. Quackenbush, to list the issues he had found in the case. Well, he listed about eight issues, of which I had four. He had four that I didn't have and I had four that he didn't have. And this instructor says to him well, is that it? He said "Yes." At which point the instructor says: Well, what about this issue and this issue and this issue and this issue, and with each one Mr. Quackenbush just slunk down lower in his seat. By the end of the month he was gone from school. It was needless cruelty much like some of the scenes from "Paper Chase."

Q: Yes.

Well, where were you- It's a three year course, isn't it?

KESSLER: Right.

Q: I assume you were so busy that you didn't have time for things that were going on outside, like the Cuban Missile Crisis-

KESSLER: Oh, I remember that, yes.

Q: But you know, other matters, how did- sort of the Kennedy Administration and also the civil rights thing intrude at all?

KESSLER: I was very conscious of the Kennedy election. I remember Richard Goodwin coming to campus to speak for Kennedy. The weekend at the peak of the Cuban Missile Crisis people from Cambridge were heading north up to Maine just in case it blew. I followed Kennedy but at that stage I didn't read the newspaper every day; I just kind of got the drift – and enjoyed watching him on TV news. He was so sharp and so funny. I especially enjoyed his crack – upon receiving his honorary degree from Yale when he said, "I now have the best of all possible worlds: a Harvard education and a Yale degree!"

Q: Well most people when they're in that Harvard Law environment, I mean that's pretty much their world.

KESSLER: Yes.

Q: Well then, 1963 you're out?

KESSLER: I'm out.

Q: So what were you up to?

KESSLER: Well two things. I worked the summer between second and third year in a good law firm in New Jersey that had been started by Arthur T. Vanderbilt who became the Chief Justice of the New Jersey Supreme Court. They made me an offer, which I accepted. New Jersey at that point had some protective clerkship requirements to keep the New York lawyers out of New Jersey so you had to finish your clerkship, that is, you worked for this law firm for next to nothing until you finished your clerkship. You took the bar exam and then you went into the Army Reserve or the National Guard for six months to avoid being drafted for Vietnam. So that was what I did. I worked for the firm, I finished my clerkship between whatever it was, June and October, took and passed the bar exam, and went into the Army for six months, which was a very interesting experience.

Q: Let's talk a bit about it; what was your experience?

KESSLER: Well there were five of us in our platoon who had gone to college and to graduate school; three lawyers, one MBA and a guy from the Manhattan School of Music, and all the rest of them were 17 year olds who smoked and it was just a whole different culture. The sergeant, of course, figured out who the college boys were and he didn't much care for us. But we had to just get in there and slog with these guys, march around, learn how to fire a rifle, crawl on your belly and do what Army people do for basic training. And then I became the clerk to a Special Court martial for the remaining four months.

Q: How did you find the court martial procedure?

KESSLER: It was reasonably fair, I guess. A little harsh in ways I found not very sensible. I remember seeing a fellow who was found to be a bed wetter given the maximum sentence of six months for his-

Q: Bed wetting? Good God. I mean, I find that incredible because-

KESSLER: Yes, well, he might have lied to his sergeant, I don't recall. I thought later that maybe the six months in the "brig" was actually used as some way of giving him time for treatment for his condition. If so, having him out of the line for six months was not as bad an idea as it may have seemed.

Q: Yes. By the way, okay, back to the law; then you came back, having sort of taking care of that sort of business.

KESSLER: Well I did and I didn't. When I went off to the Army I said to the law firm, look, I'll be done with the Army in February or March; do you really need me right away, because I'd like to go on a hitchhike trip to Europe. And the partner I spoke with was very understanding; he said you'd better do it now because you're probably never going to get a chance to do it again. And so I didn't rejoin the firm until August of that year and I went off on a trip, the total cost of which was \$750, including the airfare and I was in Europe for three months.

Q: Where'd you go?

KESSLER: I flew on Icelandic Airways, stopped in Reykjavik, got off in Glasgow and then hitchhiked, basically, from Glasgow to London, then took the boat train or whatever it was to Brussels and then hitched from there to Paris, through the rest of France, part of Spain, across Switzerland, northern Italy, Austria, Germany, and ended up in Copenhagen.

Q: Oh boy. Was that your first time in Europe?

KESSLER: Yes.

Q: Did that give you any taste for foreign affairs?

KESSLER: Mostly chasing young girls was foreign affairs. Well yes, it was- it's hard to believe in retrospect. Before that, I had been only to Canada, with my parents, driving. I had seen a map of the world – or seen a globe -but when I got off that plane in Glasgow I honestly said oh, now I get it! I can drive to the English Channel and go across there and then I could walk to China if I wanted. Before that day, the world wasn't real. I mean, I had read history books and could tell you what had happened when, but, for me, until that day, none of that information was "real."

Q: So you came back to- Were you a different person?

KESSLER: Not really. I mean I had a great time. Again, my world had expanded but I just came back to this law firm and resumed where I had left off.

Q: What did your law firm specialize in or did it?

KESSLER: My firm, Toner Crowley, was what was called a general corporate firm. It did litigation, defense work for banks, insurance companies and so forth. Also did business deals and contracts. I got involved in drafting documents for some real estate deals involving a bank that we represented and learned to do some litigation. I worked on one labor dispute, a strike at a plant in Jersey City. It was just a varied experience. It was a high level firm that did sophisticated work. Some I found interesting, some was not. One thing that was fun was that that the firm had some small value insurance cases that they would put on the desks of the young lawyers. If one of them happened to go to trial you took it to trial. So I took eventually one of those cases to trial. It was a fire insurance case and I won. I bounded back to the office and saw gray haired mustachioed partner, Mr. Toner. I said "I won my first trial, Mr. Toner!" He said: Was it contested? These people knew how to needle the young who thought they were so great. In a similar vein, there were four of us, all from good schools who were awaiting the bar exam results. After dialing repeatedly to the office of the Clerk of the Supreme Court, we learned that we had all passed. We were hooting and hollering in the firm library and one of the partners comes through puffing his pipe. He said: What's all the noise, Judd? I said: "Passed the bar, Mr. Wolper. He replied: "You sound surprised." it was a great place to get initial experience.

Q: That reminds me of the- who was the coach of the Dallas Cowboys said if you make a touchdown, he said why don't you look like you've been there before, you know, rather than this hooting and hollering.

KESSLER: So, I just picked up where I'd left off. I got involved in the Johnson/Goldwater campaign and I guess this was by now 1964. I learned, gradually, that the partners of the firm were all sort of liberal Republicans who didn't think much of politics at all. And what I also learned was that the Justice Department's strike force had set up its offices in Newark and eventually put the mayor of Newark in jail. There was all kinds of corruption in the politics of northern New Jersey and I was an idealistic young guy with no money. I decided after a couple of years that my political dream was not really going to happen and-

Q: This is to be a senator?

KESSLER: Yes. I actually had an opportunity right out of Hollywood. There was a family that was wealthy and prominent in northern New Jersey politics. They had a blonde, buxom daughter who went to Boston University and they wanted me to marry her. They were big fundraisers and if I had been more focused on that ambition I would have taken up that opportunity. But I didn't want to marry that girl.

Q: You weren't willing to give your all for-

KESSLER: No. And so just the way things happen, I had heard that there were some good legal jobs in the Agency for International Development. One of my college friends had married a man who became an ambassador, Bill Hall, was his name, and I learned a little bit from him and had a cousin in New York who I talked to from time to time and I went in and had lunch with him and I said Paul, I understand there's some good legal jobs at AID. He looks at me like he's just seen a ghost. He said you're kidding. I just took one. So he went down about six months before I did and that's where the new road began.

Q: Okay so had you- What had you heard about AID prior to getting into it?

KESSLER: In college I had done some work on foreign aid in Latin America. Why I got interested in Latin America I still don't know. I think there was some affinity between Jewish music and Spanish music that attracted me. But I started to learn about Latin America and that was where I wanted to go. And of course the Alliance for Progress and all that stuff was very high profile at that point so that was where I wanted to go.

Q: So what did you sign up for?

KESSLER: I joined AID in October of 1966.

Q: Well this is the Johnson Administration still. Did you leave your law firm with good odor and all that?

KESSLER: Oh yes. In fact I was quite surprised when I told Mr. Crowley that I had this offer. He arranged for me to meet, individually, with the three other lead partners in the firm. All of them let me understand that, if I stayed, they thought I would be a partner soon. That was a surprise to me. I didn't think that I had made that much of an impression. But I still said I thought I wanted to do this other thing and so they were very nice about it and I went back and visited several times afterwards.

Q: Well then what was your initial job with AID?

KESSLER: My initial job was attorney advisor in the East Asia Bureau. There was no space in Latin America at the time but there was one in the East Asia Bureau, which included Vietnam but then Vietnam became a separate bureau and I never did any work on Vietnam itself. So this was an entirely new world for me and I was sort of awestruck at the start. My first dramatic memory was being taken by my boss, Herb Morris, to a meeting of the East Asia Assistant Administrator and staff. There was a long table with about 20 people around it. The Assistant Administrator was Rutherford Poats, and he comes, a bit late, sits down very businesslike, and says "This will be a 20 minute meeting so let's keep the comments very brief." I'm impressed. Very serious, take-charge guy. He says "The Treasury Department has asked us to project the effect on AID's budget if the Vietnam War ends in 1968." There's a shuffling and so forth in the room and then a voice

comes from the other end of the table with the words “Did we win or lose?” That just put me on the floor laughing. I mean, I had been so impressed with all these senior executives. I never expected anything like irreverent humor from them. We live and learn.

Q: Yes.

KESSLER: But that was the beginning and within five months they stuck me on a plane to the Philippines to go renegotiate the loan documents for a cement plant that had been built with US moneys from the Development Loan Fund. This was a program from the Eisenhower era where a loan had been made to a private Philippine businessman to build this plant. It was a turnkey project where, when you turn the key, you know, the plant’s supposed to start producing cement. Well this plant, you turned the key and the foundations started to sink. And so the Philippine businessman, even though it was a problem that could be fixed for about \$300,000 paid by AID, he wasn’t going to pay another cent on the loan and so it had to be taken over by the Philippine Development Bank. The legal job didn’t seem that difficult. We thought it might take a week or two. Well, actually, I spent 10 weeks in the Philippines and one week in between in Thailand. It was a tremendous experience.

Q: Who would be responsible if such a plant begin to sink?

KESSLER: Well the chances are that either the designer of the plant or the construction company would be responsible. But in any event, you know, you would pursue whatever legal remedies you had. There are performance bonds and things like that, that usually are the resources that you go to for in that kind of situation.

Q: Well how did you find litigation in the Philippines?

KESSLER: Well it wasn’t really litigation; it was negotiation and drafting and working with someone from another culture, someone who was considerably older than me. I remember his first name was Jess and he was the General Counsel at the Philippine Development Bank and that was the entity that was going to take over this loan. He and I negotiated in a very friendly way and got the agreement in good shape. We were waiting for it to be signed and we waited and waited but nothing was happening. At that point, my boss in Washington, Herb Morris, asked me to go over to Thailand and help out the Mission there for a week. It was another spectacular place to see. And finally when I came back I said to Jess: “You know, I don’t understand why this isn’t being signed but if we don’t get some action pretty soon I’m going to have to ask our Ambassador to speak with President Marcos. I was not at all comfortable saying this; it sounded a bit like a threat. But Jess’s response surprised and tickled me. All he said was, “Please.” And so that was one of my early lessons in how things worked and sure enough, we did that and the agreement was signed shortly thereafter.

Q: Well then, how long did you stay with East Asia?

KESSLER: Only about a year and a half. Then an opening came in Latin America and I moved over there and was almost immediately sent to Panama. President Johnson had just gone on a tour of Central America and there were all of these loan agreements that needed to be negotiated with the various Central American countries so I was instructed to go set myself up a base at a hotel in Panama and travel to Honduras and Costa Rica and Guatemala and so forth and get these loan agreements signed up. So for a young single guy this was heady stuff.

Q: Ought to be fun. Did you get any feel, I mean you'd been interested in this but here you were really in the belly of the beast; did you get any feel for how business was done other than the type that you were working on?

KESSLER: How business was done; you mean-?

Q: Well I mean, in other words in the Central American context or not.

KESSLER: Ah. Well you know, my education in Latin America came slowly. I think I was interested in foreign aid because for some strange reason as a lower middle class Jewish kid I knew that I was from this privileged country, that I had received a great education and I felt I had all this stuff to offer my less fortunate brethren in Latin America. I'd read something about the problems of the structure of the government and the history of colonialism and so forth but I was no deep scholar of the region. And my Spanish was not really any good yet at that stage. Finally, I also thought that foreign aid was a relatively straightforward kind of program, where what these people really needed was access to some hard currency and some technical assistance and, with that, everything was just going to go along and generate development. Well, it's interesting how we eventually come to understand a region, but the learning comes bit-by-bit. I did not have difficulty in those negotiations; I mean obviously the loans were welcome. I don't think I was a brusque or condescending lawyer in my relations with my Central American counterparts. I got to meet some interesting, nice people and I had a good time.

Q: Were there any problems down there? I mean these governments were not always the most democratic and I think they were, I think at that time was probably- weren't they mostly military?

KESSLER: There were some military governments. I guess the government in Guatemala was military. Honduras, I don't think was. Costa Rica wouldn't have been. Panama was also not a military government. It just, you know, it's hard to go back and imagine how naïve I was. Visiting Guatemala for the first time I was just overpowered with how beautiful the country was and all this wonderful Indian culture and beautiful weavings and this and that. The reality of Guatemalan life and the ugliness of the politics didn't come through yet at all.

Q: Well was there any concern on the part of AID or anyone on the viability of these various loans and all?

KESSLER: Not that I was aware of. They were mostly sector loans for education or for agriculture. They seemed like good things in themselves. The term was 40 years with low interest rates so I assumed that these governments would be able to pay them back and that this gradual accretion of money and technical assistance would work. At that point, I don't recall having any significant doubts about it at all. This was a good thing; America was helping governments and people that needed help.

Q: Well you really got your feet wet in the area and were you able to stick with it? I mean with Latin America?

KESSLER: I was. I ended up staying in AID/ Washington until spring of 1969 at which point an opening came for a Regional Legal Advisor in Chile. I was proposed for that position and accepted. At that point there was an exchange between my boss and the then-Mission Director in Chile, Sidney Weintraub. Weintraub said look, this is an important position in our AID mission. Do you really recommend this Kessler fellow? And my boss wrote back that he had always thought that I was a fine lawyer with excellent judgment except that I had just gotten married before moving to Chile (which was famous for its attractive women).

Q: I was just thinking about the attitude towards Latin America. We'd had the Alliance for Progress; was that beginning to fade, do you think or not?

KESSLER: It was. I don't think I was aware how much it was beginning to fade. But the Alliance for Progress involved a huge change in attitude and emphasis from the days when Nixon had gone there as Vice-President and his car had been stoned in Venezuela and so forth.

Q: This was in the Eisenhower days.

KESSLER: Eisenhower days when he was vice president, of course. Nixon had attempted to take some distance from the military governments in the region and to indicate that we favored democratic governments. Actually it was Nixon's phrase, "A handshake for military leaders; an *abrazo* for democrats." Anyway, regarding the Alliance for Progress, the attention of the American electorate only lasts so long. Kennedy, who had started it all, was now gone. Some of the programs continued but the dynamism of the early years of the *Alianza* was gone and, of course, the Cold War was still very much with us. So we are now in 1969, , so we have Nixon in the White House and Chile's President was- Eduardo Frei, one of the star democratic leaders in the hemisphere

Q: Well then were you- What did your job entail by, sort of by the time Nixon came in?

KESSLER: Let's see. Nixon came in in '68-

Q: Sixty-nine really.

KESSLER: Sixty-nine, beginning of '69, exactly. So, well I spent from June to September in the Foreign Service Institute learning better Spanish language and then left for Chile. While my principal post was Santiago, my regional responsibilities included regular legal support to the AID programs in Bolivia and Argentina. I Sidney Weintraub had moved on before I arrived and the mission director was the remarkable and very colorful, Dean Hinton. The job of lawyers in AID had always been a broad job: it was never just to draft this document or this contract or to critique it. We were expected to get involved, deeply, in the design of a project and to serve as an advisor to whoever the executive-in-charge was in a broad way; to try to understand the project objectives and mechanisms as a whole and to make sure that things make practical sense. It was the end of the Frei period in Chile. The elections that eventually brought Allende to power took place in the following September. I became established there and began to travel and work on projects in Chile, Argentina and Bolivia, including a fair number of housing investment guaranty projects and then history changed in Chile in a way that-

Q: Okay well how- Were you- You were physically present in Chile?

KESSLER: Right.

Q: So had you developed close ties with people in the Frei administration?

KESSLER: Personally I had some relations with people in the Frei administration but mostly just lawyers for one ministry or another. I was still a young person in the AID mission and the embassy. I developed friendships with some Chileans that exist to this day, but it was the Mission Director, to whom I was an aide, that had the more important relations with the Frei administration.

Q: Well when things started to unravel there were you able to follow what was happening?

KESSLER: Oh yes. The campaign for president in September of 1970 was a very spirited campaign. There were basically three blocks in Chilean politics; the National Party on the right, Christian Democrats in the center and the Popular Unity (including the Socialist and Communist parties and then some smaller splinter groups), this coalition headed by Salvador Allende – the first avowedly Marxist politician elected president anywhere in the world. On the left. The Embassy saw that the Christian Democratic candidate, Radomiro Tomic was relatively weak, and so it became a battle between the right and the left. The Embassy clearly would have been happier if the right had won, especially since their prediction had been that Alessandri, the Rightist candidate would win by a very narrow margin. Alessandri had been president before, he was not a harsh right winger in Latin American terms. So we knew what was at stake and we followed the campaign very closely.

Q: How did it play out and did- were you close to any people involved?

KESSLER: I really was not close to any of the people involved on the Chilean side. It was too soon for me to have developed those deep relationships. But what happened was remarkable – and very uniquely Chilean. One tradition in Chile's quite stable democracy was that the person who got the largest number of votes for president – though perhaps considerably less than a majority would then be elected by the legislature. Well, much to the consternation of the Embassy, Allende won by- He got 36.1 percent of the vote; Alessandri got about 100,000 votes or 1% less. The Christian Democrat was a distant third and that's when things really started to get exciting and complicated.

Q: Well did our AID business intrude in this at all or were there-?

KESSLER: I don't think so. The problem of doing foreign aid through a government is much more complicated than I had realized but our principle activities were in education, agriculture, other kind of technical assistance programs, housing, school food programs and things like that. All of these loans had been made some years before. There was a policy of avoiding big headlines during a campaign in terms of new aid that would appear to be an intervention on behalf of the incumbent president in the electoral goings on. So I don't think that there was any effort to use foreign aid to intervene politically.- There were rumors that if Allende were to be elected maybe U.S. aid would be cut off, but the Embassy stayed far away from anything like that.

Q: Well then had you picked up sort of either from the embassy or from your own impressions about Allende?

KESSLER: Yes. I mean from far away I knew Allende as a very deft politician and I knew that the Communist Party of Chile was the largest single party in his coalition and so obviously there was concern there and, obviously, the U.S. government had not been not rooting for Allende to win. So when he won a plurality of 36.1% there then had to be a vote in the Chilean Congress to either confirm him as the next president – or vote for someone else. I'm sure you've heard from others about the- since all the documents are now out in public there was some effort to persuade the congress that they ought to vote for Alessandri, the candidate who had come in second (by only about 1%) instead of Allende. It had a certain logic, since such a vote might have given more power to the centrist Christian Democrats, but, in Chile, it had always been the custom to confirm as president the candidate who had garnered the largest number of votes – and the Christian Democrats, often a very principled bunch, were unwilling to change that custom – regardless of the risks of which they were well aware. Then there came the need for the embassy to figure out what our posture was going to be and how we were going to act toward the Allende government.

The embassy, headed by ambassador Korry, had predicted that Alessandri would win by one percent. When that didn't happen he was shocked. He knew that Nixon was in the White House and he knew that Nixon's predilections would be strongly against any sort of accommodative position towards Allende or his government and unfortunately, in cables from the embassy, he kind of played to those fears. The people in the AID mission, led by Dean Hinton, took a different line. We thought that we should take a wait

and see attitude. If anyone was going to make the first kick let it be Allende. And we wrote memoranda suggesting that we take that approach. But that was not the approach that we adopted- at least for starters.

Q: Well did- Was there any thought about cutting off assistance or whatever to demonstrate our displeasure if Allende came in?

KESSLER: No, not that I'm aware of. The policy that was adopted was that any existing AID agreements would be implemented but we would not be entering into new ones until the overarching issues involving expropriating copper companies and things like that somehow got resolved. So the program continued during Allende's time but there were no new plans made.

Q: Well had it- I mean you mentioned the various projects that we'd been involved in, all of which seemed to be pointed at helping the lower classes achieve more. So in a way our clientele or our target group was the same people that Allende was after, wasn't it?

KESSLER: To some degree, but large education and agriculture sector loans were aimed at strengthening institutions and the beneficiaries included not only the poor but also Chile's substantial middle class.

Q: But I mean, had we seen that the Chilean government prior to Allende, Frei and all, were paying much attention to this group?

KESSLER: Oh yes. The Christian Democrats in Chile are well to the left of the Democratic Party in the United States. If you want an idea of a way to compare their philosophy of government attitudes, they were inspired by people like Teilhard de Chardin. They were very sincere in their desire to bring disadvantaged people into the middle class and to improve the distribution of income and so forth. They were not just a traditional Latin American "liberal Democratic party." They were serious and had close ties with the Christian Democratic parties of Europe. I remember watching Chico Zaldívar, Andrés Zaldívar, who was the Minister of Finance under Frei, dedicate an AID housing project and being very impressed with the depth of the way he spoke to those people. He really had his heart and soul in it. So yes, there was a certain commonality of interest between the Christian Democrats and the Popular Unity government but the question was how would the UP proceed and what was going to happen to Chile in the process? Foreign aid is part of a relationship between the two governments and here is Allende deciding to nationalize the copper and the telephone companies and about 20 other American companies that were there at the time. The U.S. Government has always endorsed the international law posture that governments are entitled to expropriate property in the public interest and so forth, provided that they pay "prompt adequate and effective" compensation. No one thought it was likely that Allende was simply going to take over the companies and pay for them. The issue was sort of the elephant in the room and so it was not very long after Allende was elected that Ambassador Korry realized that he was going to need somebody who understood law and international law. None of our

regular diplomatic folk among the embassy staff did so he grabbed this lawyer from the AID mission and that became my principal job for the next four years.

Q: Okay, well let's talk about that. Well, I'm just looking at the time-

KESSLER: We're almost-

Q: Maybe this, rather than get right in the middle of this, this might be a good place to stop.

KESSLER: Okay.

Q: And we'll pick it up the next time, all of a sudden you're Mr. Expropriation dealing with the Allende government and the aftermath.

KESSLER: Yes.

Q: Great.

KESSLER: Okay.

Q: Today is the 9th of June, 2011, with Judd Kessler. And Judd, we're picking up; you have been detailed- you're fairly new in Chile but having a law background and all you've been selected more or less to help go through the- expected to be rocky times with a person who's bound to nationalize industry and that sort of thing.

KESSLER: That's right.

Q: By the way, just to put it in context, was the Hickenlooper Amendment in effect in these days?

KESSLER: Yes.

Q: You might explain what that was because that was sort of an overriding factor, wasn't it?

KESSLER: Well yes and no. The Hickenlooper Amendment basically said that if a foreign government expropriated American industry without making compensation for it you couldn't provide foreign assistance. We never invoked the Hickenlooper Amendment in Chile or anywhere else as far as I know, but it hung there as a threat. I was in Bolivia the day that Allende was elected and the- when I came back I saw people jumping into the fountains in front of the Moneda palace. I thought "What the hell is going on here?" I found out later that they were paying off bets on the election, that they would jump in fully clothed if this or that candidate won or didn't win.

Anyway, the embassy was fairly certain that the copper companies, owned by Anaconda and Kennecott, and the telephone company, that was owned by ITT, were going to be nationalized very soon and the regular State Department diplomatic types, the economic officers and the political officers, had no particular background in this business about international law and expropriations. It was not their thing, and it's not as if I was a great expert at the time either, but at least I was a lawyer and I had some familiarity with the subject. So after a relatively short period of time Ambassador Korry grabbed me and that became 90 percent of my new job. The Embassy was in the midst of this situation for two reasons: first, our government has pretty much always done what it could to provide assistance to beleaguered U.S. companies abroad. But here there was a second consideration. There's a U.S. government owned corporation known as the Overseas Private Investment Corporation (OPIC), which issues political risk insurance that companies can purchase to insure them against expropriation, inconvertibility of currency, damage to their property from war, revolution, insurrection or civil disturbance. OPIC had insured the two big copper companies and ITT, among other companies, so that if Allende expropriated them OPIC was presumably going to have to make payment under these large insurance policies. Unfortunately, OPIC had never dreamed that they'd have to pay such large sums all at once and there were insufficient reserves available. What this meant was that, if such payments had to be made, OPIC was going to have to go to Congress and ask for money, a lot of money. You can imagine how much OPIC's management viewed such a possibility. And so OPIC – like many private insurers when similar claim tsunamis arose - decided to fight these claims, at least to drag them out in the hopes that payments could be made over time or that something would change. In order to deal with the circumstances surrounding these claims, that the embassy had to hire a Chilean law firm to advise on numerous issues of Chilean law. Well by the time the embassy got around to this, we discovered that all the American companies had already engaged those qualified law firms where people spoke English. And so there was a firm that was associated with the Christian Democratic Party, named Portaluppi & Guzman which was known as a good quality smaller firm – and which was close to the Christian Democratic Party. I had gotten a decent grade in my Foreign Institute Spanish but after 10 months I still had a lot to learn. I ended up sitting in front of the desk of a man named Aquiles Portaluppi, who spoke a very idiomatic, colorful Spanish which took me a while to decipher. I then had to learn the inner workings of Chile's civil law system from him. Believe me, for much of the first year I sat there thinking "What on earth is this man talking about?" But I learned, and the more I learned the more I got into this job and the more I also got pulled into having to understand more deeply the political side of what was happening. Each of these companies had lawyers themselves and many of these lawyers were plugged in pretty well to what was going on in one way or another.

As I have mentioned earlier, Allende came into office with 36.1 percent of the vote. He had a choice, or at least his coalition, the Popular Unity, Unidad Popular, had a choice about how to govern. they could choose to govern with 36.1 percent of the vote and attempt to form a larger coalition by cutting deals with other parties and going in a gradual way or they could decide that Allende was the president and because of that we have the power and we are going forward on our terms. This was the beginning of what I believe led to the ultimate end of Allende. The UP apparently chose to try to govern on

their terms. Initially they raised the minimum wage very substantially. In addition, the government kept a firm grip on the basic market basket of food prices (which was subject to control by the government. Initially this created a groundswell of political support from the populace but, predictable, within a year, there was a growing inflation and certain important food products started disappearing from stores. Eventually, it became not at all remarkable for some guy to come knocking on your door at night wanting to sell you chickens or whatever it was because people were out hustling to get better prices for whatever commodities they had to sell. For the people who had money this was not really a hardship but for the people who didn't have money the food products, when you could find them, were costing more. And so the entire situation became a political football. The women of the middle class and upper class section of town put together a demonstration of the empty pots. None of those people's pots were really empty but they were fussing and fuming because they had to stand in line now to get propane or other things that were in short supply, or buy them at higher prices from the people who knocked on your door at night. So this was kind of the beginning of the opposition movement against Allende, the first public outcry, and it set up a need for discussions between Allende and the other parties, in particular the Christian Democrats.

As I mentioned earlier, the Christian Democrats are a party that is well to the left of anything on the American political spectrum. These people are Catholic "socialists", like the European Christian and Social Democratic parties of similar strain. So these were people that Allende could talk to quite easily whereas the right wing coalition was very suspicious of the UP and not inclined to talk much at all. Once they began to talk, a deal would eventually be cut on one issue or another and the Christian Democrats (CD) seemed to believe that gradually the UP program would moderate, the CD would be brought into some kind of informal partnership with the UP and Chile would rock along until the next election in six years. It was a positive and not an irrational approach. But what happened in fact was that every time a deal was cut with the Christian Democrats factions within the UP – especially the wing of Allende's own Socialist Party headed by the firebrand Carlos Altamirano and some of the other little splinter parties inside the UP, For example, one minor called the MIR might occupy a factory or a farm; and they would just have their people come in and take this place over - and they wouldn't leave. And so the question was, was whether or not the national government was going to remove them, because they were violating the law by taking over people's property. Now, if this property belonged to rich people, the nickname, the bad name for the rich people at that time was *momios*, or "mummies."- So they'd occupy a textile factory, Bellavista Tome; was one of them. And Allende would not give the order to dislodge these people and so the Christian Democrats pulled back. As time wore on, the cycle of inflation got worse and the number of occupations of this or that farm or factory continued. And every time the Christian Democrats and Allende's coalition would begin to talk seriously there'd be another one of these episodes and Allende would not dislodge the occupiers. And people started rumbling and talking and you began to get the feeling that there was going to be some kind of intervention by the military - something which had not happened on Chile for a very long time.

Q: I was wondering, would you talk a little about during this time the feeling within the embassy? I mean, was there- and the ambassador but just the talk that you were getting. I mean, because they're observing this.

KESSLER: Well this is an interesting story and I forget really how much of this I told you the last time.

Q: Don't worry about repeating.

KESSLER: The first ambassador that I worked with was named Edward Korry. Korry was a journalist by trade. He had been appointed by the Republicans. He had been ambassador to Ethiopia previously. he was a very engaging and very smart guy. but he – and his embassy - had predicted that the right wing coalition was going to win by a small margin and they didn't win. I think that it is fair to say that he was quite ambitious and that he wanted to go on from Chile to some more important post. For this to happen, he obviously needed to do something to engage the favor of the White House. Nixon, as you know, detested Communists, and to see a Marxist government elected in the Western Hemisphere certainly did not sit well with him at all. So one thing that Ambassador Korry did was to emphasize the threat posed by Allende's coalition. The first cable that went out- in those old days we still had these written cables -and the ones that were not super classified were sent around to the rest of us. The first cable that went out of Chile after the election was first titled "The End of Democracy in Chile." You could still read the original title through the line-outs and replaced with the title "Allende Wins." It was the view of Korry- personally, I think he genuinely held this view but he also knew what his audience in Washington wanted to hear, was that the Chilean Communist Party was gradually going to saw the floor out from under Chilean democracy and that was going to be the end. So the tone of the reporting from the embassy and the within the embassy during that first year was very negative. In fact, as you know, Allende shortly ratified the worst suspicions of some by starting to nationalize the American companies and that's a whole 'nother long story which I will get to.

Interestingly, while setting this rather negative and menacing interpretation of events in the messages from the embassy, Ambassador Korry decided that the way he was going to overcome the White House reaction to the election was to cut a deal with Allende for these nationalized companies and he, to his considerable credit really threw himself into that effort in a major way. And he had a number of creative ideas about how to do it. There were, of course, a lot of details that needed to be discussed and I became his right arm for that effort. The effort finally came to naught but he was tremendously committed to the effort.

In any event, during this time, in the last couple of months in the summer of 1971, I would get calls at 11:00 at night from some safe house or some secret place, "Judd, what about the figures on the Anaconda case and how could we settle this, what's the amount and so forth and so on. Long story short, it never happened. The proposal went forward but Allende was the head of a coalition; and it was a very fractious coalition. Even Allende's fame for somehow gliding through political impasses and satisfying almost all

involved could not measure up to this challenge. Indeed we may never know exactly where he or his Foreign Minister stood on the Korry proposal, but in any event, the deal just never got cut.

About a year after the election, Ambassador Korry was notified that his replacement, Ambassador Nathaniel Davis had been chosen and it was time to depart. And here a little human interest tale of the diplomatic variety deserves mention. This news came just at the time when it appeared there was some hope for a breakthrough on the nationalization cases – and Korry was not one to abandon ship easily when his important initiative was on the line. Washington had in mind that he would leave Chile in a couple of weeks – and he knew that was not enough time to close the deal. So he told Washington that he really couldn't possibly go for another couple of months because he was in the middle of some very complicated dental work that needed to be finished. I don't know his dentist but I would bet you a large amount of money that that wasn't a true statement. Hoping to add a little pressure, Ambassador Davis and family flew from Washington to Montevideo to wait there, since diplomatic protocol is that two ambassadors from the same country may not be present in that country at the same time. Korry eventually gave up on the expropriation deal and departed, but Davis, who I later got to know very well, told me he wasn't sure until he set foot on Chilean soil that he would actually be allowed to take over as Ambassador in Chile.

Moving to another area of focus, it was clear as this process went along that the U.S. was involved in covert activities in Chile to assist the opposition. The facts regarding those activities have long since been disclosed as required by law. There was money provided to some opposition groups, certain unions, the truckers' union one of them, the newspapers because a lot of the newspapers depended on government advertising and if the government withdrew advertising it pressured the newspapers on what they could say about the government and so forth. And Korry, having been a journalist, was sensitive to this and he knew how this game had been played in Eastern Europe and so forth. But if you were to read those newspapers favorable to the Unidad Popular at the time, you would have thought that the US was a lot more involved in Chile than in fact we were. I think it is accurate to say that until very recently, many if not most Latin Americans believed that hardly a leaf fell without permission or action by the government of the United States; that we really controlled everything, which was a huge exaggeration of our power.

Anyway, this describes roughly how things appeared when the new ambassador arrived. The new ambassador was very quiet but also very impressive. He was a youngish man; about 50 I think, and very friendly but also one of these people that you could just see those wheels turning. And he had this wonderful poker face that never gave you much information about what was going on in his head. Of course I depended on his approval to remain in the role I had begun under Ambassador Korry - which was a lot more fun than negotiating AID loan agreements. Gradually I became Nathaniel Davis's right hand man for the expropriation cases. After he left in 1973, we stayed in close touch and I and my family remained close friends with him and his wife Elizabeth for the rest of his life. He just died a little over a year ago. Later in his career, he became Director General of

the Foreign Service for a couple of years, then he was sent out as ambassador to Angola. It was in Angola that he got into a disagreement with Henry Kissinger about some proposed covert activity there. Henry Kissinger did not appreciate this kind of opposition especially when Davis wrote very directly about it and offered to resign resignation from his position. His offer was later accepted. He was made ambassador to Switzerland as his final reward and then sent off to end his career as diplomat in residence to the National War College.

Nat Davis, I learned, had been a lifelong liberal Democrat, member of the ACLU (American Civil Liberties Union), and had worked closely with Sargent Shriver to help set up the Peace Corps. He was no loose tongue as ambassador and, I believe, had the full confidence of our intelligence people that he would guard secrets very tightly. I knew about his personal beliefs, including some things that he would be prepared to do – and things that he definitely would not do. It will be very interesting to see, when the “final” history of this period, is written how he comes out. He basically arrived in Chile and said that U.S. policy was to be that we would have the kind of relations with Allende that was willing to have with us. What that meant was that if Allende would either compensate the US companies that had been nationalized – or return them to their owners,, we could be helpful to him and his government. What that meant was that Chile had a mountain of debt that needed to be paid and they were in very serious difficulty with foreign exchange. Inflation was continuing to mount and the spread between the official exchange rate and the black market or “street” rate widened sharply. Life became very cheap for those of us who were paid in dollars but for the average person, things became increasing difficult. The foreign debt problems of the Popular Unity government pretended something that we could help with. The Paris Club, was the institution where the major capital exporting nations got together and jointly handled debt problems of this sort. Basically what Davis was saying to him was, if you will solve our problem with the nationalized companies we’ll solve yours with the Paris Club. This- There was some slight movement in that direction but basically it didn’t happen and again, the mechanism was Allende would start to move toward the Christian Democrats or start to do something to accommodate the U.S. and the far left of his coalition would again occupy a factory or a farm or they’d create some other blow up. The feeling within the embassy was that something was going to blow. You could just feel it.

By the end of 1972 the inflation was racing ahead. In addition, shortages of many food items, propane and other basics were either not improving or getting worse. Interestingly, within Allende’s coalition the troublemakers (i.e. those with the most radical political positions) had been the Altamirano wing of Allende’s Socialist Party and two other little splinter parties, the MIR and the MAPU. But the Communist Party had taken a different view. They were more conservative; they did not see themselves taking over Chile in a six year presidency. They took a much longer view. One way or another the embassy was getting this information about the internal politics of the Popular Unity coalition, and found it very valuable in exploring possible avenues of positive action.

During my work on the expropriations, I got to know various lawyers for these companies and the lead lawyer for Anaconda Copper was a fellow name Raul de la

Fuente Martinez. Raul was a slim, elegant lawyer who practiced by himself. He was a very, funny, shrewd character who didn't always think that Americans were as smart as they thought they were. Just, to give you an idea of his sense of humor on this general topic, Raul was on the board of the Bata Shoe Company. It was a Canadian shoe company that sold a lot of its products in Europe. I don't know how much they sell in the United States but it's a pretty large company. I knew that Raul had gone on a trip but didn't know exactly where or why/. He eventually told me that he had gone to a board meeting of Bata in Toronto. He said with a smile that there were people there from Germany, England, France; and the U.S.; that he "was the only underdeveloped one." Like hell he was underdeveloped.

Anyway, I became friends with Raul and we would trade political information. And one morning in April of 1973 I went to his office to chat and he says "Judd, you probably don't know this but I have a paid informant on the Central Committee of the Chilean Communist Party. There was a meeting last night and the Communist Party voted to throw in their lot with the Altamirano people." I tried to keep my jaw from dropping, finished the conversation, and made a beeline to the embassy, knocked on the ambassador's door, went inside and told him this. He looked at me and said that the CIA had come in with that story about an hour ago, and that this was confirming information. That story was, I believe, the beginning of the end of the Allende government. I believe that it got around to the Christian Democrats and to people in the military. Attempts to negotiate with the UP had been frustrated again and again by the Altamirano people and their allies, and now with this information, the pressure just kept building.

Later in the spring of that year, there was a kind of abortive coup attempt, which became known as the "Tancozo." Some colonel of a tank command drove several tanks in front of the Moneda. This would have been maybe in June of '73, and Allende asked the military command what they were going to do about it. And they, basically, don't worry about it, and they called the guy off and they sent him home. But this was a very much remarked event, because things like this didn't happen in Chile.

Q: Were there a lot of, oh, sort of left wing ideologues or I think, sort of the Jane Fondas and known as- the ones who came to Nicaragua, Sandinistas, you know, sort of the Hollywood leftist heavy- or just kids coming there.

KESSLER: More kids. I don't remember any high profile kind of left person from the United States coming there. One thing that I just skipped over is that in 1971, Fidel Castro came to Chile. And you know, state visits usually last for three days; but Castro stayed for about two months.

Q: Good God. I mean, he was running Cuba at the time.

KESSLER: Yes. I stood about 100 yards from him and Allende up on one of the platforms of the Moneda palace, a huge crowd, 300,000 or so assembled in the Plaza de la Moneda . He stayed and stayed and stayed and it became a big political football. Headlines asked what the hell is this guy doing here? And he stayed even though the

leftist parties were saying he was not doing Allende any favors by staying this long. Castro had also provided a kind of elite guard for Allende's personal protection, which they called the group of personal friends (in Spanish, "the grupo de amigos personales"), or "the GAP". The GAP members drove little dark blue Fiats. People noticed and they became another subject of political discussion.

As all of this happened. Chile became a place of great interest for young people, idealistic people, socialist or Marxist-inclined young people from all over the world. My brother, who was a professor of philosophy, came down in the summer of 1972 and I tried to keep my mouth shut and let him just observe what was going on. By the end of his month or so with us, before we went on home leave, he shook his head and said you know, American socialists have to avoid the mistakes made here; which I thought was kind of interesting comment.

Returning to the spring/summer of 1973 it was well known what the political dynamics were between the Popular Unity government and the Christian Democrats. The people of the far left in Allende's coalition, the Altamiranos and so forth, were not giving an inch. The tension level continued to rise with each new confrontation.

In April of 1973, Joel Biller, the AID Director ended his term and I was appointed Acting AID Director – while continuing my work on the expropriation cases. By way of background I should explain that the U.S. foreign aid program did not stop during the Allende administration. What it didn't do was make any new major loans, but it continued disbursing funds on projects that were already committed and it kept up humanitarian activities like school feeding programs and so forth. The upshot was that there was not a large amount of work for the AID Director to do. I tried to think of activities for AID that might be constructive and I decided, at the end of August that I would make a trip around to the sister cities programs between the United States and Chile. And so I traveled around to six or seven places in the United States meeting with the people involved in such programs. I thought that maintaining such ties – in difficult political moments between the two countries – would be a constructive way of preserving those ties in the hopes of better days to come. I was in San Francisco on September 11, 1973, when I picked up the morning paper and read there had been a coup that overthrew Allende so I flew immediately back to Washington. I got into discussions there with senior people in the Bureau for Latin American and Caribbean Affairs about what they thought might happen next. From there I flew to I flew to Buenos Aires and waited in the Sheraton Hotel there where the whole international press corps seemed to be staying, and where all of us were writing to get on the first commercial flight allowed into Chile. The only major U.S. newspaper that was in Chile the day of the coup was The Christian Science Monitor. Juan de Onis of The New York Times was in the Sheraton Hotel, as was, I believe Lou Diuguid of The Washington Post, as well as three or four other regulars of Latin American reporting, and it wasn't until the eighth day after the coup that the first commercial flight was allowed back into Chile with all of us aboard.

I didn't know what to expect when I arrived because the news from Chile had been horrendous. There obviously had been a certain number of people killed in the wake of

the coup, but I had no basis for judging how many or how accurate this reporting had been. So I started to try and figure it out for myself. And as the Acting AID Director, I was a member of what was called the Country Team and the Country Team would meet once a week in a special room which is frequently swept for bugs. The people who came in looked pretty tired. They obviously had been not getting very much sleep. And Ambassador Davis came in and he said of the 770-some Americans that had been registered with the U.S. Consulate on the day of the coup, we have accounted for all but two of them; their names are Charles Horman and Frank Teruggi. He asked us to go out and turn over every stone, and use every relationship we had to find or find out what's happened to these people. So I did what I usually do. I developed a network of people who might have the best possibilities for helping me in the search. And among this network of people that I knew from my AID contacts was the Chief of Staff of Allende's Minister of Education. His name was Enrique Sandoval, and I went to visit him at his house. One of the perks of being the Acting Mission Director is that you get a nice, shiny Chevrolet sedan with a driver and so we drove this car up to Enrique's house. I found him quite terrified. I don't know whether he expected one of his neighbors to attack him or the police to come pick him up or whatever but he said he was really grateful just to have this official US car sitting in front of his house. Enrique and I talked for quite awhile. I told him that I was interested, if he knew anything about these two people. I also asked him and I asked other people whether anyone in your family had been harmed; or whether any of your friends have disappeared because I was trying to get a bead on exactly how much violence there had been. What I found was that none of the people that I knew directly had anyone among their family or friends who had been affected, but they had heard stories of other people who had.

Anyway, Sandoval was so nervous, that I told him that we had a big house with lots of extra space and asked if he and his wife would like to come and stay with us for awhile? He appreciated the offer but didn't take me up on it. About a week later he called me and I went to see him again. He said that he had learned that Horman had been in a national stadium and that he was dead. I said okay, but how do you know that? Who told you? How can I follow this up? He said he couldn't tell me. I pleaded with him but he wouldn't tell me. I went back to the embassy, I reported that to the Consul, Fred Purdy, who said "I bet he's right."

Q: You might explain who Horman was.

KESSLER: Horman, Charles Horman was one of these idealistic young guys who came down to write and do research. My understanding is that he was basically sympathetic, to Allende's government. He lived in the relatively good side of town. He had his wife with him and his disappearance is the subject of a movie that probably none of you have seen because it's too old, called "Missing," with Jack Lemmon and Sissy Spacek. The moving "Missing" was directed by (Konstantinos Gavras) Costa-Gavras, the Greek director who has done a lot of political dramas. It's based on a book by Thomas Hauser called "The Death of Charles Horman: An American Sacrifice." That's pretty close, I think, to the right title. And the thesis of this book was Charles Horman, on the day before the coup or I guess just after the coup, had gone to Valparaiso. In a hotel there met a mid-level Navy

engineer who talked to him and said something like “Well we came here to do a job and it’s done.”, What he meant, according to the book, was essentially that Allende had been overthrown and that in his view the Navy had somehow had an important role in it. That information was supposed to be information that Horman should not have heard – but because he did, Horman “knew too much.” Therefore when the Naval Attaché of the U.S. embassy met him later and gave him a ride into Santiago, and found out that he had heard this story, the U.S. Government had to have this guy removed, and so he was killed. The movie also portrayed the ambassador at the time -Nathaniel Davis in real-life, as this two-faced person who deals duplicitously with the family and who doesn’t really try to help them even though he says he is. And it’s a very powerful movie. I took my then wife to see it. She had not been my wife at the time that I was in Chile and when we came out she said, “Wow, what a movie! Are you sure it’s not true?” I said, “Absolutely.”

Not long after the movie came out, Nathaniel Davis got the Consul and the Naval Attaché together and they came to me to see if I could help bring a libel suit about the movie. I’m not a libel lawyer and that’s an area requiring a great deal of specialized knowledge, but I told him I would try to help him find one and I would help to coach the group. And I did. We found a lawyer in New York, Robert Kasanof, who brought this case against Universal Studios and Costa-Gavras. I had warned Ambassador Davis beforehand that the hurdles to winning a libel suit in the U.S. were very high – probably impossible. At the time, the right place to bring such a suit would have been England, where people really care about what people say. But in the United States there’s rule in the case of *New York Times v. Sullivan* which says, essentially that if you are a “public figure,” (and ambassadors would almost certainly be found to be “public figures,” people can say just about anything they want about you prove “malice” which means not only is the statement was untrue but the writer or speaker knew it was untrue and they said it for the purpose of damaging you.

Costa-Gavras was asked in a deposition about the introduction to the movie in which it was stated that the scenes you are about to see are true; the names have been changed to protect the.....”- In any event the names have been changed but basically represented the story as true. Costa-Gavras was asked in his deposition, do you represent this to be true? Do you have any basis for saying that this is true? He said well, he said there’s more than one kind of truth and because the U.S. Government could have done the deeds portrayed in the movie, it was permissible to portray that they had been done. Those were not his exact words, but that was the essence of his answer. The Plaintiffs in this case believed that they could prove “malice” but the judge threw the case out on grounds of *New York Times v. Sullivan*. We thought there was a lot of evidence of knowing misrepresentation. We took an appeal and the appeal was eventually settled by Universal Studios and Costa-Gavras. No money paid but they apologized and they said that if anyone who saw the movie had the impression that the American officials had been complicit in the death of an innocent American it had not been their intention in making the film. That statement was patently false. All anyone needs to do is see the movie and you can easily see for yourself what they intended. But that’s just how it went. Very disappointing indeed.

Anyway. Allende was overthrown on September 11, 1973, and the international media response was that the United States Government had been behind the coup, organized it, financed it, etc. Thirty-five years after the event all the intelligence documents are required to be released. A limited number of items are blacked out if they would reveal the names and particular sources and technologies used to obtain information. But there is now a big thick book now called "The Pinochet File," written by a guy named Peter Kornbluh who works with the national Security Archive. Kornbluh is a serious scholar and researcher. He is not at all sympathetic, generally, to any sort of covert activity. And the conclusion of the book is that there is no evidence that the United States organized or supported the coup in any way. I'm sure there were relationships between U.S. military people and Chilean military people so that some of these people knew that things some sort of planning was going on but as far as anything that the U.S. did to support it financially or technologically in any way, zero. What Kornbluh says, and I think that it is fair, is that the US in a variety of ways helped to create the atmosphere in which the coup took place. But that is a far cry from the more cynical conclusions reached by many journalistic observers and pundits. In essence, the US got a lot more credit (or opprobrium for its role in the fall of Allende than it deserved.

Q: By the time you got back to the embassy was- what was the spirit of the embassy?

KESSLER: Well everything had changed dramatically and in terms of what was going on, first of all there was a curfew; you couldn't be out after something like 9:00 at night, maybe even 8:00, so ordinary Chileans (and diplomatic representatives) were having overnight curfew parties. And there was nervousness; suddenly I had a guy with a shotgun riding in my official car. There was a lot of speculation about how many people had disappeared. A major job for the embassy was to try to report accurately on what the government was really doing, good or bad, and we were getting a lot of interest from Congress. Among other things, foreign aid money is not supposed to be going to governments that are killing their own people and the question was what was going to be our policy towards this new military government; were we going to have any influence over them? How long were they going to stay and so forth. It put us in a very conflicted and uncomfortable position.

The man who had been responsible for hiring me into Chile was a U.S. economist named Sidney Weintraub. Sid became a Deputy Assistant Secretary of State and eventually retired but he had done a lot of writing about Chile during the years he was there. He left just before I arrived. But one of the things he said was that what was wrong with Chile's economy was that they were controlling food prices. The labor unions and other grass roots political groups around Santiago had enough power to control food prices and keep them at a very low level - and at that level nobody was going to produce very much food. So, in the opinion of Sid (and this view was largely shared by the economic teams at the World Bank) that needed to be changed. Prices needed to be allowed to rise to more realistic levels and then much larger food production would result. In addition, trade needed to be much more free generally. Chile had a capitalist economy but it was a capitalist economy like a lot of other Latin American capitalist economies. The government had tariff walls or other protections that kept products from elsewhere from

coming in. Meanwhile the families that owned Chile's factories were making very good money without having really to produce anything of very good quality. And so this is a very telescoped and inadequate explanation of the thinking of the economists who were beginning to work with what became the Pinochet government. For the first few weeks it was a junta of the Army, Navy, Air Force and Carabineros (police). Then Pinochet became first among equals and became the president alone. There is plenty to be said that is very negative about what the military government did in those early days, but, as you probably know, when it came to plans for the economy, they had the good sense to name a group of University of Chicago-trained economists, many of whom had benefited from scholarships provided by AID in prior years. I can't imagine that AID ever had the foresight to imagine that these young economists would be handed the reins of power at such a crucial moment in Chile's history – but that is what happened. Making use of the economic wisdom gathered over many years, they set out to do a drastic makeover of the Chilean economy. Food prices were freed, and strong measures were implemented to avoid inflation. The short term result was a rude shock to the economy forcing many people to move back in with family, or share apartments or houses to just scrape by for the first several years of the changeover. They also, and this was one of the things that I had to learn about as the AID Director had one of the members of the team responsible for creating what they called *la mapa de pobreza*, the map of poverty. Before this study was undertaken, Chileans in general – and especially politicians, had their own notions about who the really poor people of Chile were – and where they were located. You might think that well, the poorest people were farms laborers or subsistence farmers – or that the poorest people in Chile were the miners who mined the rather poor and softy coal that was available in Chile. Well this team of economists dedicated themselves to study poverty in a lot more detail than anybody else had done. They found out where the poverty really was and they designed and directed programs to benefit those people. This was certainly positive and constructive.

But at the same time we received credible information about more people being killed, or just “disappearing.” And people who had been prominent in the Allende government or who had been very publicly supportive academics were now those most in personal danger. One of the things I did as the AID Director was to try to find a way to help some of those people to leave the country to study. The reality was, however, that AID had certain specific categories of financing where we could provide scholarships or do programs; education, health, agriculture, and so there were a number of other people who came to us to see if they could get a scholarship to get out of the country. These people were not violent or dangerous, they were just people who were scared and wanted to get away. So I went to see the head of the Ford Foundation office at the time and suggested that if people came to him in categories that they couldn't finance they should send them to us and vice versa. He thought for just a few seconds and said that he wouldn't have anything to do with it. And that I found pretty disappointing.

The Congress was expressing great concern about human rights and legal protections and one of the men I'd gotten to know during my stint as the Regional Legal Advisor for AID was a respected lawyer and senior academic at the Catholic University Law School of Chile. He ended up becoming, if not Pinochet's Chief of Staff, then at least very close to

the top of the advisors of Pinochet. His name was Jaime del Valle. He had been a successful practitioner and a law professor who had become Dean of Catholic University Law School and later Rector of Catholic University. I talked to him especially about the killings, disappearances and other human rights violations. He understood completely. He promised to do what he could – but warned that this was not an area in which he was likely to have much clout. Ambassador Davis and others in the embassy were making similar approaches to people in the government they knew and who they thought would be sympathetic. It didn't help, however, that no one high in our government – not Secretary Kissinger, and certainly no one in the White House was saying anything that was publicly critical of these human rights violations. About a month after the coup, Ambassador Davis was called back to Washington to become Director General of the Foreign Service. The new ambassador was David Popper came to town. He was a career officer – very bright and very dedicated - , though not someone with whom I never became as close to as I had been with Ambassador Davis.

Anyway, as you can see, our government was in quite a bind. We wanted to be supportive and see Chile return at least to something like “normal” and hopefully something much better than that. On the one hand we could have taken a firm moral position and said that we would simply not cooperate with the Pinochet government until the killings and disappearances ceased – but these were still Cold War years. From what I could glean, instructions from the top were to try to be supportive of the new government – and not to place heavy emphasis – at least for the first year or so – on the subject of human rights violations. The road taken, instead, was to say well, Chile just came through a very bad scrape but they now seem to have an economic team that is very capable and is doing things that ought to lead to results and we ought to support them. It was not comfortable, and it didn't feel great, but that was our government's policy – and I could and did support it.

About 4 months after the coup, I wrote a long airgram to Washington describing this bind but urging that we do support the “Chicago Boys” Program because it was going to bring results. My boss, Herman Klein, who was head of the Latin American Bureau of AID, wasn't too happy with that position. It didn't help him with the congressmen that he was dealing with. I saw the first draft of my efficiency report that year and it certainly wasn't very good. Thank God someone talked him out of it and- Anyway, the decision was finally made to provide support for development programs in support of the Chicago Boys' program.

I remained in Chile until September of 1974, a year after the military took over. At the time we didn't know what was going to result, happen but we began to see signs of positive change. As I look back, I am absolutely stunned at the economic blossoming that has taken place. Anyone who knew Chile in 1974 would simply not recognize the country that is now Chile. The historical record shows that what happened during that first year was something like 3,000 people were killed, of whom probably 2,950 were killed unnecessarily. But after that first year the killings and other human rights violations pretty much stopped.

The Christian Democrats, I think, had urged the military to come in because they knew they were not going to be able to cut a deal with the Unidad Popular, but they also were under the illusion that the military was going to turn around and basically hand the government over to them as the center party. But the military had other ideas and the people around them had other ideas. And so Chile remained a non-democratic government for quite a long time. The first congressional elections, I guess, were in 1982 or '83. By 1987 there had been a renegotiation or redrafting of the Constitution

Others are in a better position to tell about the delicate negotiations which led to a plebiscite which Pinochet lost – and Chile has since returned to full democracy. And we are all thankful for that. But what has changed, and I'm confident it will last indefinitely, is the revolution which has taken place in Chile's economy. In economic terms, Chile is simply unrecognizable. When I lived there we would drive out of Santiago to go to the coast, which is about 90 miles to Valparaiso and Viña del Mar. And as we drove out of Santiago the buildings became shabbier and shabbier and then you got on this sort of more or less four lane road to the coast and on both sides of the road there was nothing. When I went back there in 1998 I went with my wife and we drove to the coast. And from Santiago to the coast, on both sides of the road, it is now covered in orchards and vineyards. I mean, covered. There's not one empty space that we saw. That's just one dramatic example, but there are many others from one end of Chile to the other. It has become an enormously successful economy. There's still poverty in Chile, but not nearly what it once was. Chilean companies have become some of the largest investors in companies throughout the hemisphere – and Chile has been admitted to the OECD – a badge of honor for rather developed economies. The Chilean economy exports wine and fruit all over the world. The economy works – and few Chileans would think of returning to anything like what they had before.

Let me see; what did I leave out?

Q: Well then- By the way, Allende, what was the story about Allende? Did he commit suicide or what happened?

KESSLER: Great question. I want to take a poll of the interns here; how many people believe that Allende committed suicide and how many believe that he- was murdered by the military? A lot of you seem to people believe that he committed suicide. How many know anything more about it? Nobody. Okay.

Q: For those who are reading this we have four interns from various schools here for the summer and we're showing an historical gap here. We're talking about the 1970s and you all didn't come on the scene until what, the 1990s or-so? So there we are. I mean, this is pre-history; it's the Peloponnesian War.

KESSLER: Somebody, maybe it was Trotsky, who said that the most shocking thing that happens to a person in their life is that they suddenly reach old age. It's, you know, it's astounding how old I am; I can't believe it.

But Allende died the day of the coup. The whole Allende socialist experiment was a subject of, huge international interest at the time. Viewed from the left of the political spectrum, it was the idealistic, wonderful socialist coalition that was going to be the first democratic socialist state versus the big bad United States and all those capitalist people. And so Allende's death became a cause célèbre and the press for years said, that he had been murdered by the military that day.

During my time in Chile I played basketball at the YMCA three lunch times a week. The group that played there was a couple of AID guys, several CIA guys and some Chileans, one of whom was a policeman from a group called Investigaciones, a special part of the Carabineros, the national police. Hector- one of the basketball players and I got into a conversation and I asked him if he had heard anything about how Allende died. He said, "Oh yes, I examined the body." And what Allende did was this. Fidel Castro had given him a machine gun and he put that machine gun under his chin and blew the top of his head off. This story was eventually repeated by a number of sources from entirely different directions. There's an article by a member of- a former member of the Chilean Communist party in The Washington Post, entitled "We All Killed Allende." The author talks about the dynamics between Altamirano and Allende and the efforts of some of the Christian Democrats and others to make the situation calm down. But just about two weeks ago they exhumed Allende's body because they wanted to see what evidence there was of, you know, what condition it was in and what they could tell about how he died. I haven't heard anything about any results but I'll bet you a significant sum that what they find will be what I just told you.

Q: What about, were you there during the coup, and during the early days of Pinochet.

KESSLER: Yes.

Q: Again, what were the atmospherics? Because an awful- I mean, this is- I mean this is a regime of, I don't know if you call it retribution or subjugation or what have you; I mean, there were- right wing death squads going around weren't there?

KESSLER: I don't know about death squads walking around but what I do know is that a lot of people used the coming of the Pinochet government to settle scores with people from the left. There were rumors flying around (and they were believed by the military) that there had been large caches of arms in the hands of the communists and other Marxist types. I think there was some modest evidence of arms caches etc. but not, that would compare to the amount of arms that the military possessed. But the military view was a very narrow one. They thought that their job was to save the country and they were going to do it their way. They were going to take the arms out of the hands of these horrible people and so forth. Pinochet obviously was a capable man in a certain sort of way but he was no intellectual by any means. What really shocked Chileans was that only a few months after the military came to power, Pinochet appeared on television with dark sunglasses, like some Caribbean dictator; it seemed like the most un-Chilean thing you could possibly imagine. It really was jarring. So it was a very tough time. It was the Cold War. The forces of the left had been defeated in a certain way. It might have all been

different – if a deal had been struck by ambassador Korry or Davis – but for a variety of reasons that never happened. Now with the Chilean military in power and the radical Marxist elements in hiding, Henry Kissinger as secretary of state wasn't about to cry a lot over stories of a certain number of killings or disappearances. As Kissinger said, only half in jest, “don't confuse diplomacy with missionary work. There were human rights groups on the ground and there were definitely efforts by the embassy and the AID mission and others to get people out of jail, to find people, to exert some influence on the military government but it was not the top priority in terms of policy- we had to do the best we could.

As the AID Director, I got a message one day from the State Department, saying that Ted Kennedy's office had become interested in a nutritionist from the Allende government that somebody had thrown into jail. A very well known nutritionist; everybody knew his name. Well, as the person in charge of our now modest AID Mission, this ball was in my court. The AID mission, of course, had relations with the Ministry of Health. The Minister was an Air Force General who I invited to lunch. after the pleasantries and a glass of wine, I had to tell him that unless this nutritionist was out of jail very shortly, the Senate was going to cut off any funds for health in Chile. The military let him out of jail and he safely left the country. But that was just one case.

There were stories about people being taken up in helicopters and dropped into the ocean and all kinds of other stories. Some were true. Many were not. The Ford Foundation Director, who I mentioned earlier, when I asked him how many people he thought had died in the wake of the coup, he said 20,000. But at the end of the day, the actual number was 3,000 in that first year and then after that it pretty much stopped. That's still an awful lot of people who died for no reason. The military government was certainly not the most savory bunch, but they were certainly not entirely evil. They certainly, at least at the outset, had strong support from Chileans who had suffered through a lot of chaos. Our idea was to try to urge Chile back to normality after a reasonable period. Well a reasonably period turned out to be 17years.

Q: Was there, while you were there, were there any movements in Congress or elsewhere to cut off all aid and all?

KESSLER: There were a few congressmen who made speeches along those lines.- There was a congressman named Michael Harrington from Massachusetts. There was a lot of pressure on the human rights side to see that we and our allies raised our voices with the government of Chile, but no, there wasn't a serious effort to cut off aid.

Q: What were we doing aid-wise?

KESSLER: During the Allende period we were finishing loans that had been made during the Frei period for agriculture sector loans, for education sector loans; there was- agriculture and education were the two biggest areas. There was also some balance of payments assistance to the government of Eduardo Frei. What happened starting in September of '73 was that we put together a new program and the program for the first

year was about \$25 million in support of agriculture sector and education basically. By that time AID had also moved in a direction of basic human needs, rather than roads, airports, grain storage facilities and other major infrastructure which had been AID's specialty during the Alliance for Progress years in the early '60's. \$25 million was not an insignificant sum but it takes a long time to spend that money. You commit it and then you've got to contract for it and this and that so that money really didn't begin to flow before I left at all. But we did continue our support for the priorities established by the Chicago Boys.

Q: Well were you able to have close consultation with the Chicago Boys and all?

KESSLER: I spent time with the economist in charge of the poverty map. And yes, our economic section was close to the team itself for macroeconomic policy. That dialogue was easy. I mean, those guys weren't military; they were all civilian PhDs from the University of Chicago.

Q: Well you left there when?

KESSLER: September of 1974.

Q: Pinochet was fully in power by this time?

KESSLER: Yes.

Q: Was Chile beginning to come back as far- economically or-?

KESSLER: I wouldn't say so. You could see the groundwork being laid but this was a time of great hardship especially for the Chilean middle class. It was not a very solid financial middle class. It was people who owned a car and had an apartment, but without a big financial margin. Food prices shot up and people were moving in together, just to survive. It was very tough, but it resulted in a major change of atmosphere – and strongly encouraged hard work in lieu of government programs of support.

Q: Well then what did you do?

KESSLER: I came back and with some help from Ambassador Davis I spent a year as Special Assistant for the Undersecretary of State for Military and Security Assistance. This was toward the end of the Vietnam War. The man I worked with was Undersecretary Carlyle Maw, who had been the Legal Advisor at the State Department but who I learned had as his major function to be Henry Kissinger's private lawyer, to negotiate the contract for his memoirs and handle his divorce. He was an extremely able man – a former partner in the renowned Cravath Law Firm in New York. But he was not interested in military or security assistance. After a year working with him, I returned to AID as the Assistant General Counsel for Legislation and Congressional Affairs.

Q: Did you as part of your work get called up all the time to testify?

KESSLER: I never testified before Congress but I got interviewed by a lot of people about my time in Chile. In fact there's going to be a documentary coming out very shortly which Ambassador Davis asked me to participate in as the government representative, because he was not in sufficiently good health to do it. That should be out any time now. I'm not too optimistic how I will look in the movie.

Q: Well they start cutting and making their point.

KESSLER: Yes.

Q: How long did you stay with AID?

KESSLER: Seventeen years. The first year and a half I had worked with the East Asia Bureau, spent a little time in the Philippines and Thailand then joined the Latin America Bureau in Washington for another year and a half. Then I was sent to the Foreign Service Institute for four months, six hours a day to learn my Spanish. I had studied Spanish previously in high school and college, but like many American students at that time, all it produced was an ability to conjugate verbs. And then five years in Chile, a couple of years of interim assignments and then I became Chief Counsel for Latin American region for four years.

Q: Well let's talk about this time. What about, well during the time you were dealing with military assistance and all, did you get your hands on anything particularly or-?

KESSLER: You mean classified stuff?

Q: Not really. Well I mean we'll have to stay away from classified stuff.

KESSLER: I'm not sure-

Q: Well I mean I was just wondering whether you were dealing with anything you want to talk about.

KESSLER: Oh yes, we dealt with lots of things we can talk about. One of the interesting things that we had to do was put together the budget for military and security assistance for the following year. The fiscal year in the government was from October 1 to September 30. I had landed in that job in September and whatever budget there was was already in place. I had a Staff Assistance named Morton Holbrooke who went on later to become a China hand in the State Department. We decided that as part of our effort we would ask Country Desk Officers not only about the amounts they needed for military or security assistance but also what the record of that government had been regarding recognition and protection of Human Rights. At that time, there was a congressman from Minnesota named Don Fraser, who began to make a lot of noise about human rights and U.S. foreign policy. He was asking, pointedly, why we were giving money to certain countries when they were violating the human rights of their own people. And of course

Chile became part of the discussion. An amendment was put into place in the Congress which basically said we wouldn't give money to countries that were violating human rights with the exception that we could spend money to provide support for basic human needs.

In any event Morton Holbrooke and I thought it would be interesting to do this - and we were also pushed by a wonderful State Department Legal Advisor named Charles Runyon. Charlie Runyon was an absolute one issue person, and his issue was human rights. He didn't give a damn about foreign policy, realpolitik, U.S. interests, nothing. Human rights were pretty much all that mattered. So what we did was that we structured a budgetary review process and we asked each of the country directors to come up and justify their military and security assistance budget. And by the way, while you're at it, what do you have to say about this or that which has been reported by Amnesty International or one of the other human rights groups. It was not a very impressive performance by most of these desk officers. Most of them didn't know about things of this sort in the countries that they were involved with and the ones that did tended to just wash over them and go on to the budgetary issues. Problems like East Timor, that only recently got more or less resolved when it became independent from Indonesia, were around then. And at the end of this process we got our boss to sign off on a memorandum to Kissinger recommending that aid be cut in two or three countries. I delivered the memorandum to one of the Secretary's two key aides, Jerry Bremer. He took it. When I came back a week later, and asked for it, he said he didn't know where it stood. A week later, he still didn't know, but he said "You're still looking for that lousy human rights memorandum?" We never saw it again.

Iran was also a big subject at the time. It was shortly before the fall of the Shah but it was at the time when the Shah was still getting the very latest U.S. military equipment before our own forces were getting some of them. That was how much clout he had. But I don't think anything very dramatic happened in the world that year.

I had an interesting role related to the cutoff of military aid to Turkey. The senator from Maryland, Paul Sarbanes, was very influential in stopping aid to Turkey over the Cyprus problems with Greece. I and a very senior guy at the Pentagon, named Walt Ligon, were put in charge of seeing that the aid cutoff took effect, which meant that after a certain date no more American equipment could enter Turkey. What this meant was that every piece of equipment anywhere in the world had to be identified, and a decision had to be made as to whether it would make it to Turkey before the cutoff date. If not, the ship or other conveyance it was on, would have to be turned around so that it wouldn't go in after that date. Ligon had a lot of experience with such things and was pretty entertaining to work with. The only problem was there was this one ship in the middle of the Mediterranean called the Lash Italia, which had a bunch of military equipment aboard, headed for Turkey, and it was not going to arrive in time. Well for some reason the ship had its radio off and there was no way to reach it. And Walt was just about to scramble fighter planes or something to get the Captain's attention when they turned on their radio. We sent the ship to Naples and that was the end of that. It was a fun time.

Q: Well what did you do afterwards? After you left that job?

KESSLER: I went on to spend a year on the Hill lobbying for foreign aid legislation which was a real education.

Q: What did you pick up?

KESSLER: The AID Assistant Administrator for Congressional Affairs broke down the major issues in the aid budget into policy papers or talking points and so the lawyers were involved in writing these talking point papers that were limited to just one sheet of paper. I remember going to a Senate hearing, a little private markup hearing and one of "my issues" came up and I handed this piece of paper to an aide to Senator Jacob Javits. The Senator then read the thing very quickly and stood up and made a speech that was much better than my paper. I mean in two seconds Javits had digested everything that was in there and went on from that, put it in context and so forth. I was very impressed. I also learned how staff affects the legislative process and that the people who work on legislation work until 11:00 at night most nights because that's when we get to see some of the staffers and drink with them and so forth. So that was just one year.

I had four years as an assistant general counsel for Latin America, during which time the Sandinistas took over in Nicaragua and so I got to go there several times. That wasn't a great success. And then my last two years I was assistant general counsel for the Middle East.

Q: This was from when to when?

KESSLER: From 1980 to 1982.

Q: Well you got the invasion of Lebanon, didn't you?

KESSLER: Probably but we didn't have anything to do with it. I mean, they didn't have an AID program there. The main AID programs were in Egypt, Jordan, and Tunisia.

Q: Well actually aid to Israel is almost off the books, isn't it or-?

KESSLER: At that time the aid to Israel and Egypt were equal. Each got a billion dollars. The Egypt program was very strongly administered; the Israelis basically got a check because the government was pretty sophisticated and their economy was running well. As a result, we didn't feel the need to control our funds in great detail. - I mean it may also have had to do with Israel's political clout but I don't recall any episodes of scandal or malfeasance by Israeli officials.-

Q: How'd you feel about the money we were giving to Egypt? Was it going to the right places?

KESSLER: Well you had to see Egypt at the time to be able to understand the position we were in. The Egyptian economy has never performed in a very impressive way – and the reasons for that are very complicated and largely political. But AID made important contributions to building adequate water and sewer systems, building key roads – such as the highway from the Cairo airport which passes over much of the city of Cairo and allows people to more efficiently get out to Maadi and other suburbs. and we've made contributions to health practices – as well as maintaining a relationship with the Egyptian military through military assistance. But more impressive growth and development will require much more change on the part of the Egyptians. It's not that our money is wasted or stolen. A lot of people who don't like foreign aid think that aid money just gets handed to dictators or whoever and that it's very easy for corrupt leaders to just get their hands on the money and use it for whatever they wish. It just isn't true. Most of that money, at least half of it, never leaves the United States. It goes directly to some U.S. company to pay for machinery, equipment or services that are exported to or provided in that country. And the remainder is subject to very careful audit rights. Where a fraudulent diversion comes to light either the AID Inspector General or the relevant congressional committee makes a lot of noise about it. The fact is that more time is spent tracking aid money than most people would believe and I doubt that it's worth all the effort that gets put into it. In any event, we no longer have an aid budget that is a major consideration on the world economic scene. The U.S. played a key leadership role in creating the World Bank and the regional development banks and so that now, by comparison, the AID budget is no longer a major factor.

Q: Well then after you left AID what did you do?

KESSLER: I joined the Washington office of an Ohio law firm where a friend of mine, actually a guy with whom I had often argued pretty intensely when he was at Treasury, had gone as the second person in the office. In government we had argued over Treasury's curmudgeonly position on AID budget issues – but we liked each other. I began my practice doing work for contractors who did business with AID and eventually branched out into other foreign contract and project work. And I've ended up being an arbitrator in international investment disputes and that's my major activity at the moment and that is a huge amount of fun.

Q: Well just to- not to get into all the details but what does this mean?

KESSLER: When I was in Chile, if a company got nationalized, there was no legal structure to help deal with the problem. The government of the investor's country would make representations to the government which had been the host country for the investment – and which had eventually nationalized it. Capital exporting countries like the U.S., England, Germany, etc. would threaten, suspend aid programs, etc. until, eventually some kind of deal for compensating the expropriated company emerged. Or not. But there was no international body in place to which the parties could go and present their legal positions and have the dispute resolved. Around 1980 people figured out that they needed a better way to encourage flows of private capital into developing countries – and that political risk insurance – which we mentioned earlier – had too many

limitations. And so an international convention was created and ratified by many countries – called the Convention on the Settlement of International Investment Disputes. this convention – which is referred to as the ICSID (or Washington) Convention established an affiliate of the World bank to administer international investment arbitration and conciliation proceedings. Governments would then negotiate and sign Bilateral Investment Treaties (BIT's) pursuant to which the two governments would commit to treat investors from the other country fairly, not to expropriate their property except by due process of law and with adequate compensation, etc. I am rather brutally summarizing all of this, but that was the idea. The very first BIT was signed by Germany and Pakistan, but there are now almost 3000 BIT's which generally provide that the parties (or the investors involved) have the right to submit investment disputes to binding international arbitration at ICSID. These arbitration awards, once finalized, were accorded the same status as a decision of the highest court of the country involved – so that there was no legal basis for refusing to comply with the award. It was a tremendous innovation in the international legal system. I have now served as an arbitrator of Tribunal President in 10 of these cases, and I enjoy the work very much.

Q: Okay. Well I thank you very much.

KESSLER: Well thank you.

End of interview