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GEORGE LAUDATO

*Interviewed by: John Pielemeier
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Bureau for Policy and Program Coordination (PPC):

TDY to Nicaragua: 4 months

Deputy Assistant Administrator for Middle East Bureau 1995-1996

First retirement from USAID after 33 years of government service 1996

Consulting work with USAID missions in Eastern Europe

Abt Associates, Director for Health programs 1997-2007

Brought back to USAID as Director for the Middle East 2007-2011

Second retirement from USAID 2011.

Retirement activities:

Chair of Seton Hall University School of Diplomacy board of directors

Advisor to Arizona State University

Aid to Artisans

LIST OF KEY WORDS

Office of Civilian Operations, Vietnam (OCO)

Frank Wisner

Tet offensive

Ted Owens and Villager Interview program

Bill Colby

Ray Love

USAID infrastructure (water and sewerage) programs in Egypt

Village water systems and irrigation programs

Ag Research, Education and Health programs in Egypt

Mission Director Don Brown

USAID Rural Electrification program in the Philippines

Administrator Peter McPherson

John Bolton

Paying for Base Rights in the Philippines

Imelda Marcos – a good friend of USAID

Opus Dei

Other USAID programs in the Philippines

1st Cash Transfer to Egypt

Sector Assistance

Ambassador Frank Kimball

Shoubra El-Kheima power plant

Privatizing the agriculture sector
Development Decentralization program
Oral Rehydration Therapy (ORT)
Host country contracting
1st USAID programs in the Sinai
PPC Assistant Administrator Richard Bissell
Oslo Negotiations
Sec of State Hillary Clinton
USAID Administrator Henrietta Fore
De-Baathification
Ambassador Charles (Chaz) Freeman

INTERVIEW

Q: This is John Pielemeier on March 6, 2018. I am about to start an interview with George Laudato, who is a renowned USAID (United States Agency for International Development) Senior Foreign Officer, and who will have an interesting story to tell us.

George, I am going to start by asking you talk a little bit about where you grew up and what influences led you towards international work?

LAUDATO: Sure. I was born and raised in New Jersey, northern New Jersey, northern Bergen County, not too far from New York City, and spent all of my early years in New Jersey. Never traveled. I think I only left the state two or three times and that was to go to adjoining states – Pennsylvania or New York. Went off to college at Seton Hall University, which was a school in central Jersey, South Orange. I majored in psychology.

Q: Why psychology?

LAUDATO: I really didn't know what I wanted to study. It seemed as good as anything else. I wasn't really directed. I didn't have a lot of early self direction. I really was never very interested in international affairs or things that were happening outside of the boundaries of the small world I lived in. Growing up in New Jersey, in those northern suburbs, was idyllic. It was like something out of a movie. It was very lovely -- beautiful homes, beautiful schools. It was close to New York. It became a little bit sophisticated in that sense, but was really quite provincial.

I guess I first became fascinated with the idea of the greater world out there as a result of the Cuban Missile Crisis. I was a junior, I believe. All of a sudden, it went from this sort of little idyllic world that I lived in, which was to me untouched by the outside world, and then all of a sudden, there was this prospect of us being involved in a nuclear confrontation. I remember following it just so closely. It was the fall, and I can remember sitting on the porch of the house that I lived in, in South Orange, with friends, talking about it, and just really a lot of us focused on it.

Q: You figured New York City would be a target?

LAUDATO: Yeah, yeah, of course. You figured you were probably epicenter. That sort of got my imagination churning a bit. Of course, that was the year also, if my dates are correct, that President Kennedy established the Peace Corps. I had never thought about the Peace Corps. But my last year at university, the more I thought about it, the more I thought it might be really interesting to do something like that. It was nothing more than that. I got excited about the country of Ghana. That was to me the most romantic place in the world. Nkrumah was there, and he was going to be the next leader of the world. He was thought to be such a charismatic person and was going to transform this county. So, I really wanted to go to Ghana. I put that as my first choice.

Q: So you applied to Peace Corps?

LAUDATO: I applied to the Peace Corps, yes, and was accepted.

Q: It wasn't so easy in those days.

LAUDATO: Yeah, well, I don't know what they were looking for, but they took me almost immediately. We were the very first groups. Anyway, I remember, they took us in, we reported, and we had to go off to Puerto Rico to do Outward Bound training. In those years, you had to do Outward Bound training before you started the formal language training and area studies.

Q: This would be 1962?

LAUDATO: 1963.

Q: How old were you at that time?

LAUDATO: I was 21. And, so, it was the first time I was ever on a plane. We flew to Puerto Rico. I had never been on a plane! We got off, and I had never been to a place like this. I fell I love with it immediately -- the sounds, the smell, the food, the people, the language. And we were up in the Dos Bocas National Forest, up where the big Arecibo aerospace Observatory is - the big radio telescope.

Q: I know where it is. I've been there..

LAUDATO: That's where the Peace Corps training camps were. We went through the Outward Bound training. We did mountain climbing, jungle survival, and survival swimming in the ocean. It was pretty challenging, but you do learn a lot about yourself in a situation like that. We came back to the U.S. and went off to the University of St. Louis, where we did our language and area studies. I went through the program, and then we shipped off. I was the third group to go to Panama.

Q: You didn't get to go to Ghana?

LAUDATO: No, no, I didn't get to go to Ghana. Panama. So we get to Panama. When we got there, Panama One had only been there about six months, so we were really part of the first group. I guess the starkest thing about going to Panama in the early days -- it was a baptism by fire because we weren't off the plane more than a week and a half when President Kennedy was killed.

I will always remember, we were out in a village outside of Panama City -- called La Concepcion de Rio Abajo. We were working with the people out there, building latrines and things like that, just to get us acclimated to Panamanian Spanish and the way communities operate. My Spanish wasn't very good at this point. I had not studied Spanish in high school or in college. I remember some of the teachers came running out of the school. We knew something had happened. There was one young woman in the group, Kathy Chapman, who spoke excellent Spanish, and she said, "Wait, wait!" And then, she said, "Oh, my god, the President's been killed!" or "The President's been shot!" We all thought they meant the President of Panama. I will never forget the ride back into Panama City because we had to go through Rio Abajo, which is a big West Indian, sort of middle to lower middle class, neighborhood. As we were driving down this long street that went all the way down into the center part of town -- it was maybe ten miles -- the shops were closing. The people were rolling down the shutters. The whole city closed down for about a week. They had this big funeral mass at the cathedral. It was the first time I had ever heard "Hail to the Chief" played.

Q: In Panama?

LAUDATO: In Panama. Yes.

Q: In Spanish?

LAUDATO: Yes. They had huge funeral recognition kinds of ceremonies all through the country. Then we went up into the interior. I went to a town called Rio de Jesus, a little town in the province of Veraguas, to work at the receiving end of a mobile medical team. We used to be visited once every two weeks by the mobile medical team. Then there were all these tasks that had to be done after the team left. I was to follow up on these tasks, and that included working on ordering supplies, building latrines, and all that kind of stuff. I enjoyed the town, it was idyllic. But we were only there about a month when they had what are referred to as the "Flag Riots," in Panama. This started in the Canal Zone, where some of the American students tore down the Panamanian flag -- there was always this dispute over whether the Canal Zone was in U.S. territory -- and that triggered all these really, really vicious riots. So, we had to shelter in place. In fact, the senior guy in town, a really nice man who had been super nice to us -- I used to eat dinner with this family -- he hid us, Kathy Chapman and I, the other volunteer that I worked with. He sort of hid both us in a back room he had at the back of the store. We stayed there. Students from the normal school in Santiago, which was the capital of Veraguas province came looking for the volunteers, to cause trouble.

Q: Really?

LAUDATO: The people in the town said “No, no, they’re not here.” They took this ownership role of us. It’s funny, how these things revisit you. I will use a name now. I am not sure I want to keep these names in. But part of the response by Washington... Those Kennedy years were really this machismo kind of stuff. One of the second or third guys down in the Peace Corps under Sargent Shriver was Leveo Sanchez, who later became the head of Development Alternatives. He came down without being the least bit sympathetic toward all these young Americans down there who had never been through something like this. He just basically said suck it up and go back to your villages or go home, one or the other.

Years later, when I was the Deputy Assistant Administrator for Asia and the Middle East, he comes in to see me about needing some help. So we’re talking, and I said to him, “You know we’ve met before.” He said, “Really? Where?” So I told him where. There was just this stone silence. So these things do come around!

Q: So you said “suck it up?”

LAUDATO: Yeah, right... I was there in the village for about a year. Then they wanted me to come to Santiago, which was the provincial capital, and to go out with the health team. So instead of being in one, I went to all the villages that we visited. We had ten of them that we would do. We would visit one every day. There was another guy on the team, another volunteer, Bob Pilgrim, a guy from Brooklyn. He was the lab tech of the team. I did that for about a year, and during that period, I started working with a lot of the schoolteachers, helping them figure out different ways to present information in the classrooms, because the classrooms were very unidimensional in these rural schools. They didn’t have a lot of materials. We started out by showing them some tricks about how to develop a little silk screening operation in the schools, because silk screening doesn’t take anything really, and you can make your own paint if you get to a house painting store. That proved to be very popular as part of this rural health program.

They asked me if I would consider staying another year. Come to Panama City and teach teachers how to do this out of a program that was run by the Pan-American Institute. I came home for a quick leave and went back for another year. I lived in Panama City and taught this class with another volunteer from one of the subsequent groups. It was really very popular, and, of course, you’re a young man. Almost all of the teachers were women. We made lots of friends. It was a wonderful experience. I really enjoyed it.

But again, my understanding of what was happening in the world, I would say at this point, really didn’t go beyond what I read in Time Magazine. That was it. I was not really involved in it intellectually.

Q: You didn’t leave Panama to go to neighboring countries?

LAUDATO: Oh, yeah! I traveled all over Central and South America. I went down around Christmas of 1964 to Colombia, Ecuador, and Peru. I went up to Machu Pichu. It was so different in those days than what it is like today. There was nothing in Machu Pichu. An old rickety bus took you to the top. There was no ranger station or anything. You just wandered around on your own. It was just beautiful -- stunningly, stunningly beautiful.

But, I'm coming to the end of this time in the Peace Corps, and, of course, I have gotten notice from my draft board that it is time for me to sign up and go to Vietnam. And it was really funny. It was just two months before I was done with the Peace Corps. I was at a party with the wife of the deputy director of AID, a guy named Ken Kugel, a really good economist from Reed College. He was really smart. He had just left Panama to go up and head the Vietnam desk. They were just beginning to build out the Vietnam bureau and needed a senior desk officer, so they brought him up.

So I was talking to his wife. I knew them because they had kids the same age as most of the volunteers. They used to come for the summer, both of them, and they would pal around with all of the volunteers. I got to know them both, the boy and the girl, really well. So I was talking to Mrs. Kugel, and she said to me, "What are you going to do?" I said, "Well it looks like I am going to get drafted." She said, "Oh, no, you don't want to do that! Ken needs people in Vietnam to do what you do." I said, "What? What do you mean?" She said, "No, no, I'm serious, George. I am going to send you something." She sent something over that AID had put about what they were recruiting for. A couple of days later, a huge package arrived in the Peace Corps office from the AID mission, and it was all the stuff I had to fill out. She just assumed I was going to do this. She just assumed I was going to do this, so she just went ahead. This stuff came and everybody was like, "Wow, are you going to work with AID?" I said, "Well, I don't know. I'll fill it out. Let's see what happens." So I filled it out.

Q: Had you met people in Panama, other people working with USAID?

LAUDATO: Oh, I met people with AID, sure. We used to have AID people come to our village all the time. They were building a school. Mr. Gresham used to come. He was an agriculture advisor to the Ministry. So I knew a few AID people, but not many. My circle was pretty much the Peace Corps volunteers and my Panamanian friends. I had a lot of Panamanian friends.

So, I filled the papers out. All of a sudden, they said, "Well, you can come over and get sworn in, in the Canal Zone, and have your fingerprints taken." It was just about that fast. I went over, and they took my fingerprints. It was the first time I had ever had my fingerprints taken. They said, "Well, we'll be in touch and let you know, but you will be going to a training program to learn Vietnamese." I said, "Oh, really?" I thought that was an extra benefit, a treat. At this point, I was beginning to get more interested in languages.

I came back to the States. They contacted me to report to Washington on such and such a date, and I did that. There was group of about 30 of us We were all in the same language group. And, lo and behold, they put us on a plane and sent us out to Hawaii. We spent the next six to nine months - some of us six, some of us nine -- in Hawaii, studying Vietnamese, doing area studies, and really beginning to think and talk through what was counterinsurgency. Was it a real thing, or was it something that had been made up in the press of the moment? But that was interesting. We had all Vietnamese teachers for the language. They put all these people from Vietnam to teach us. It was a pretty good language program. We spent three months on Oahu and three months on the Big Island. We studied a couple of hours every day. We studied the language, and the rest of it was talking about the other subjects associated with the war. I took off in the spring of 1967. I started with AID in the fall of 1966. In the spring of 1967, I took off and went to Vietnam and traveled along the way. I went to Japan, Korea, the Philippines, Hong Kong, and then arrived in Saigon.

Q: What year would that have been?

LAUDATO: That would have been the spring of 1967

Q: What was the state of the war at that time?

LAUDATO: The state of the war... It was hot. It was a hot war at that point, for sure, although there was a feeling that the tide had changed a bit in the favor of the South. I was sent to one of the provincial jobs. I was sent to Mỹ Tho, which is a beautiful city on the Mekong River. If you go due south from Saigon for maybe less than 100 miles, you hit Mỹ Tho. It was this beautiful city, an old French-style city – white stucco buildings with red tile roofs and tropical vegetation.

I started working on this provincial team. Now, this was really kind of interesting for me. It wasn't as if I had come from an AID program someplace else and had to learn to readjust. It was a mixed military-civilian operation, very clearly. The top guys were always military. Province Senior Advisors were mostly colonels, full colonels. And there was a senior person, either State or AID, underneath. For example, when I got there, Frank Wisner had been in the position I was in two years before. I got to know Frank in Vietnam because of that. Of course, later we hooked up again in Cairo when he was ambassador and I was the deputy AID director. So I started working there. We were working on a sort of pacification program.

When I first got there, organizationally it was called "OCO" -- the Office of Civilian Operations. They were in the process of reformulating this. You had people like Bob Comer, and later Bill Colby, and Don McDonald at AID. They came up with the idea of "CORDS," which was the Civilian Office of Revolutionary Development Support. This was to be the office that was supposed to use development interventions, basically to support the war effort. I am on the low end of the totem pole here. I am working in the villages trying to do this. They would identify villages to target for pacification. We would go out, and would work with revolutionary development support cadre. These

were young Vietnamese who ran around in black pajamas like the Viet Cong. They would work with the village people. They were generally pretty interesting young people. This is where I began to really think about how different our objectives were -- of all of the component parts of the U.S. program.

I think I trace back my absolute skepticism about concepts, like whole of government approaches, to these initial experiences. As I go through this, I'll repeat some of them because I saw them in other places. But when you are involved in a conflict, and you are involved with the U.S. military, the U.S. political State Department, and the AID people, you have three totally distinct timelines. You have the military, which have a very tactical timeline, and it is get done and get it done yesterday. I'll be damned, but it has a long-term negative impact. They are not interested in the long-term impact. The State Department tends to look at these situations and how do we get it over the next year to a more stable place. The development guys, probably in some ways a bit Pollyanna-ish, try to think about development. In thinking about development, you are drawn to concepts of sustainability, and if you don't have that, you are not really working on development. That is generally in conflict with your other colleagues.

Because I spoke Vietnamese, I was on the team. I liked the military guys. I really liked working with them. They were really interesting. But I began to realize there were these disconnects, you know. This was before we had computers. Everything was done with acetate overlays. You would have a map. You would have where the Viet Cong were, and where the friendly villages were. One day, the colonel calls me in, and he says, "George, can you come down to my office?" Our office was down the street. I said, "Yeah, I'll be right down." On his campaign table, he had an acetate overlay map of the province which showed where the planned defoliation would occur. He said "Look at what those silly sons of bitches out at Đồng Tâm plan to do. Đồng Tâm was the headquarters of the U.S. 9th Division, the only U.S. division in the Delta. He said, "Look at their defoliation plan for next year." I said, "Let me see it." So I take it, and I say "Oh my god, colonel! You better do something about this. These villages that they plan to defoliate are the villages we just entered into the Hamlet Evaluation System as being pacified. We have been working on them for the last year and a half. We are about to defoliate our success stories!" He said, "I knew it. God damn it!" He was one of these totally volatile people. He just went running out. He got into his jeep and drove along the Mekong River to confront the General out at the U.S. 9th Division over this. We saw stuff like that all the time!

When you are working with the military, they generally tend to be really nice people, and they are just like your brother. And their intentions generally tend to be good. But they don't think about these things. They think about what motivates them and what gets them promoted and what drives them, and those are short-term things. Going into one little village, right off the river in this big coconut grove, there was this old Buddhist temple in there that must have been at least 300 or 400 years old. It had these huge, tropical, heavy wood columns that held up the classic four-posts of the pagoda. The nun, she was so excited, she comes out and tells me, "Oh, the Americans were here, and they're going to take the wood out and put up cement ones for us!" I can't remember now what the term is

for mother or sister, or a for nun, in Vietnamese, but I said, "They can't do that!" So I went back right away and told the province chief. He said, "I'll take care of it, George. Thanks for reporting it." So we saw a lot of that. All of this we were doing as we moved into the end of 1967. And, of course, at the beginning of 1968 was the Tet Offensive, and Mỹ Tho was overrun.

Q: Really?

LAUDATO: Yeah. The night the attack started, I was by myself in my house. I had a roommate at the time. I think he was in Saigon. Mortar rounds started to come in. I lived right next to the "TOC, "which is the Tactical Operations Center for the provincial forces. We took two mortar rounds -- one in the front room, and then one right in front of the house that blew up my car. I had a bunker though in the house, so I crawled into the bunker. I waited and waited. Then, of course, you begin to hear the response. They called in the "Puff, the Magic Dragon" flying gunships, the big ones -- C-130s or something. They began to suppress the mortar fire, so we weren't getting the mortar, but I could hear at that point small arms fire . I lived fairly close to the edge of town, so I could hear it. I thought, "Shit, this is a major attack." So I got out of my bunker. It was about three in the morning.

I walked outside and was going to drive over to the nurses' compound, which was over by the 7th Division headquarters. I figured that would be safer, and it was closer to where the U.S. military -- whatever few forces we had there at the time -- were. But, of course, my car was blown up, so I had to walk over. I grabbed my rifle and I go walking over. The Vietnamese call out to me. They knew who I was because I lived right next to TOC. They say, "Where are you going? Be careful, they are shooting. Under attack! VC!" I said, "Yeah, I got it all. Don't worry." So I get over to them. Then another major mortar round as soon as I got to the nurses' compound. They had hardened bunkers though. They had reinforced concrete bunkers. We all crawled into one of their bunkers, and we sat there until morning. Then we came out and finally everybody -- all of the civilians, the American civilians -- got together at the nurses' compound. But the fighting was so close. We were here, and the hospital was here, and there were VC in the hospital. They were fighting in the hospital. So we said, we've really got to pull back from this a bit. So we did.

There was enough ARVN, Army of Vietnam, and provincial forces that they were able to pretty much develop a perimeter. We only had about four streets left before we were in the river or in the canal. If you thought you were going out by boat, that wasn't going to work. Any help would have had to come down from Đông Tâm, down the river. Who knows? We weren't getting any help or any assets on the U.S. side, or even on the ARVN.

That fight went on for four or five days, and it got pretty vicious. I guess it started on a Tuesday. Saturday afternoon was a gray day. I was on guard duty. I was on top of the USAID building and across the street from us was an orphanage. Beyond that, there was a no-man's land for two blocks, then the Viet Cong. I was with another AID guy, John

Dodson, who I lost track of. He had been a Marine. We were up there, just bullshitting and talking, and all of a sudden, through the clouds, break two, I guess they were F-14s at that time. They come right over our heads, literally right over our heads. You almost felt like you could reach up and touch them. I'm sure they weren't that close, but that's what it felt like, because we could feel the downdraft of the heat from the engines. as they come over us

When they drop their ordnance, it starts to roll like this. We both knew it was napalm, because that's what napalm does. It hit the ground. Of course, there was this huge flash, fireball, and then right behind them two more F-14s come in with 500 pounders. That was the technique – drop the napalm, and then drop a 500-pound bomb in the middle of it and spread it out all over the place. It burned out three-quarters of the city within a couple of hours. Totally broke the back of the attack, obviously. There were no civilians there. The civilians had all fled. There were huge refugee containments out in the villages. After that, obviously, you're really relieved you're going to live. You're not going to die. A bunch of people were wounded. The colonel who was my boss was wounded badly. I helped to put him on the helicopter to get him medically evacuated.

It's funny, but in the middle of this, I am coming down one of the streets about the third day we were there. We did get some support from a Vietnamese ranger battalion. One of the U.S. advisors to the ranger battalion was a guy that grew up in my hometown and was in my sister's high school class. He was captain of the football team. Went to West Point. Was captain of the football team at West Point. He was a big, tall guy. I came up to about his nametag. Needless to say we were both surprised,

Anyway, I look up, and his nametag said "Vanderbush." I said, "Al?" He said, "George? What are you doing here?"

Q: [Laughter]

LAUDATO: We met in the middle of all of this! He subsequently, before my sister died, was with her at an event and was reminiscing. He said, " Who would have thought I would run into Georgie in the middle of battle!"

The pacification program clearly had flaws. Of course, it was also utilizing, as I think most people know, some pretty extreme operational methods. There were lots of assassinations going on, and things like that. I think there was a lot of reassessment after the Tet Offensive about "Were we winning? Were we losing?" You began to see people making an attempt to rely more on data. You had McNamara at Defense. Colmer was one of his boys. They were really data driven guys, and so they looked at the Hamlet Evaluation System and said, "What is this telling us? What is it not telling us?"

There were some people who made the case that you really had to look at some of the longer-term issues if you were going to get at the heart of what was pushing people away from the South Vietnamese Government into the hands of the Viet Cong, and were there determinates. Don McDonald brought a team to Vietnam from Bangladesh, headed by a

guy named Ted Owens and a guy named Ben Ferguson -- so it was the Owens-Ferguson team. These two guys had developed a model in Mymensingh, which is a province in Bangladesh, where they had worked with villages and helped organize these villages, so they went out and collected data about their own lives, and then put this data together and began to use it as a way of talking to the technical cadre, and the people who really held their fate in their hands.

They brought it, and said, well, we should try something like this here in Vietnam, because the structure of the village in Vietnam was very strong. There is a saying in Vietnamese, "The emperor's authority stops at the village gate." It means the villages had a lot of autonomy. Over that Confucian structure, you had the old French system of the administrative government and the elected government. The administrative government was where all of these bureaucrats were, and they talked over the elected officials. The thought was, is there some way we could arm these people with knowledge and information that would give them some leverage when they talked to people from the central government, the technical people, so that there is better understanding and people can figure out what is pushing these situations in one direction?

They came down to Mỹ Tho and said they would like to try it out here. My boss, Peter Brownback, said to me, "You work with them, George, and you help them out on this because you know the villages as well as anybody. I said, "Okay, I would be happy to do that. I like both of them. They are both really nice people."

We started in Mỹ Tho and expanded it to a couple of other provinces. It caught the eye of the people in Saigon and, particularly, the people who were running the pacification program. At that point, it was Bill Colby -- he and Don McDonald. I remember the meeting when we all went up to see them. They just sort of liked this idea. They said this could possibly be a game changer. I then moved up to Saigon from the province, after I had been in the province about a year and a half. Moved up to Saigon, and went up and began doing similar programming in a province north of Saigon, Long An, which is right on the edge of where the rubber plantations start, coming up off the coastal plain to go up the mountains. Route 20 came from Route 1, which runs up the coast of Vietnam. Route 20 cuts off and goes all the way up to Da Lat, which is their mountain city. It was along in that area that I started this. That was very interesting, because it was so different from the people I had worked with in the Delta, who were all Buddhists, with a huge Confucian overlay of culture. The people in this area were mostly Roman Catholics, and they had come from the north. When they split the country a lot of the Catholics moved to the south, and they were much more militant than the Buddhists. But it was interesting working with them.

Q: Militant in what direction?

LAUDATO: They had little village armies. They protected themselves. They weren't depending on anyone. They were just more confident. But they also had this problem where they didn't understand the basic economic underpinnings of their village. Helping them come to terms with that was really interesting work because you get to know lots of

people when you do this stuff. I remember I used to come up this Route 20. My last post was way up in the mountains, right before you got to the province, right before Da Lat. It was right in the jungle, a triple canopy jungle, right before you went into the rubber plantations.

There was one little town - basically they were loggers. I would stop, and there was a little restaurant, a truck stop restaurant. This woman made the best food. She was the greatest cook – classic Vietnamese food. She would make things like venison curry and rice. We got to know one another. I would stop. She would wait and look around. She was a big Vietnamese gal. She would say to me, in a low voice, in Vietnamese, “The Viet Cong were here last night.” I’d say, “Oh really?” She said, “Yeah, they are looking for tax money, but we didn’t given them any. But they are going to be back. Maybe you should tell the province chief.” I used to get all kinds of people reporting little incidences to me. Of course, I would go back and report those.

But, you know we worked at that project. I figured out I personally must have done about a couple hundred one-on-one interviews and oversaw in the villages about 4,000 interviews the villagers did themselves. So we had a considerable body of data. A lot of it was used in Saigon by people working on how to analyze this data. I stayed there and continued doing that work right up until the end. At the end of winter or beginning of spring in 1970 I came back to the U.S.

Q: So that was how many years total?

LAUDATO: I spent almost four, a little under four.

Q: That is quite a long time.

LAUDATO: I saw a lot of fighting while I was there. We had two major battles in Xuan Loc and two major attacks on the city. But the worst was the Tet. We would run into firefights out in the villages all the time. I had one interpreter blown up. Yeah, so it was...

Q: Did you run into any of the leadership – John Paul Vann and those types?

LAUDATO: Yeah, I met Vann a couple of times. Of course, I got to know Don McDonald, and I got to know Bill Colby also. It wasn’t that big of an operation that you didn’t meet those people.

Q: When you took breaks periodically, did you go to Bangkok or the Philippines?

LAUDATO: Yes. Taiwan was always very popular. Hong Kong was very popular. Lots of friends had their families in Bangkok. Safe havens. I would go over and stay with friends in Bangkok. I traveled to Nepal, to Sri Lanka. I did a lot of travel when I was there. Ellsworth Bunker was Ambassador. His wife, Carol, was Ambassador to Nepal. So he used to go up and back, and he would take people up. You got to stay as long as he

stayed. It was nice. I was scheduled to go, so I came up from Mỹ Tho to I get on his plane the next day, and I got deathly ill.

Q: Before you left?

LAUDATO: Before I left, so I didn't get to go, and all I remember is getting up in the middle of the night and not being able to walk. My friend, Larry Kerr, who I was staying with, had a military jeep. He piled me in the jeep, held me with one hand, and drove me up to the emergency room at 3rd Field Hospital, and I didn't wake up for about a week.

Q: Oh my goodness, what was it?

LAUDATO: They never found out. I was in there for two weeks. Two weeks in the intensive care unit.

Q: Sounds like dengue or something like that.

LAUDATO: It wasn't dengue. It was something gastro-enteric. It was funny because about a month and a half later, Ambassador Colby was down to visit on this project, and I was cooking dinner for them. I totally collapsed again. They loaded me on his helicopter and took me back. I spent another two weeks in the hospital, and they never found out what it was. I had recurring bouts of it over the next five years. Then it just ended. The last one I had was back here in Washington, DC, when I had come back working down at the department. One weekend, we were out at a picnic on the Mall, and I had a milder form of it. But at this point, I knew what it was, and I knew what I had to do to at least cut the pain. They never found out what it was. I had crazy liver functions. The tropics - those places are filled with all kinds of strange diseases. I know it wasn't dengue, because I have had dengue at least twice, and I had two bouts of hepatitis.

Q: That was a long stay. Did AID say now you are a career officer, or did they say you need to find a job, or what did they do?

LAUDATO: No, they identified a handful of us. They brought us into a specialized internship program that would take us back here and train us in the real way of USAID work, not this counterinsurgency stuff. I came into the program, Chiavaroli came into the program that way, as did Sid Chernenkoff and Tim Bertotti. There were a bunch of us who came into the program. Frank Breen went on to a full career as comptroller at the agency. Not everybody got taken care of however. I think Larry Crandall came back under that program. Larry was in Tây Ninh when I was in Mỹ Tho. That is where I first met him, in Saigon.

Q: Have you watched the Ken Burns series on Vietnam?

LAUDATO: I watched it, but there is nothing new there for me. I knew most of what he presented. I knew what he was talking about. I didn't dislike it. I am much more interested in the now, in the politics of these engagements after having been through Iraq

with the U.S. Government, Nicaragua and a couple of other places. The story isn't just the fighting or just the conflict; the story is much more complex, and that is what I am interested in. I did learn about this stuff in Vietnam. It was a really incredible place if you were willing to open your eyes and see what was going on.

All things considered, speaking the language makes a huge difference. This is a great story.... I was still in Mỹ Tho. In Vietnamese, the word for green and blue is the same word, "xanh." There are lots of languages that categorize colors differently than we do in English. So "xanh" means green or blue. And then they modify it. They will say "xanh" and then say leaf, which means leaf green, or sky, which is sky blue. But sometimes it is so obvious they know what they are talking about, they don't put in the modifier with it.

We were in the morning briefing, and the guy from the 7th Army Division was the intelligence officer briefing us. He did that almost every morning. He said, "We've had reports they have seen blue uniforms on the Plain of Reeds." This meant if they had seen green uniforms, they would have seen the local soldiers – the ARVN (Army of the Republic of Vietnam) - they wore green. But sometimes the North Vietnamese wore blue. They had never seen North Vietnamese, troops that far south. This sent the place into panic and started down the chain for a B-52 strike. I remember that night, sitting there in my house on the river and thinking about this. I wondered who translated that.

Q: [Laughter]

So, I go out. I get in my car. I go down to the military house, where they lived. I asked the lieutenant, I said "Lieutenant, is the Colonel available?" He said, "He is always available for you, George." So, he calls him up and the colonel comes down. He is in his BVDs and his t-shirt. He says, "What's up, George?" I said, "Colonel, you know, about that report this morning about the NVA. You should have somebody check and make sure that wasn't based on a misinterpretation or mistranslation of Vietnamese tone. So I told him. He said, "Well I didn't know that. Come on. We'll go out to the division headquarters in the morning." It was never, we'll do that in the morning, it was do it right now! So we go down, and he calls to the captain who was on duty. "I want to see that lieutenant who does the translation. Lieutenant, get your ass down here." They were staying in the old seminary building, which John Paul Vann made famous in the book, A Clear and Shining Lie. He comes down, and the colonel says, "Did you translate this?" He says yes. "Where is the original?" And, of course, that's what it was. The Vietnamese had not specified whether it was blue or green, and somewhere along the way, it got worked in. It shows how easy those things can happen. They probably wouldn't have killed anybody. There was nobody on the Plain of Reeds. They would have just gone up for recreational purposes and dropped a string of 500-pound bombs. But it saved that. Those stories, they are learning experiences, and they build on one another. You really begin to develop a sense of what this kind of involvement means, for both the good and the bad.

Q: *Did you learn how to work with both military and the Central Intelligence Agency (CIA), the intelligence people, and the State Department?*

LAUDATO: Yeah, I never had any trouble. I knew them. Mostly, they want to do the right things. As I said, it is a totally different approach to how you go about this. Unfortunately, really what it says, John, is there may not be a role for development in these conflict situations. That may be a figment of someone's wishful thinking. We saw this in Iraq. They U.S. Army was spreading money around, doing what they said were development projects at a far greater rate than USAID was. There was no rhyme or reason to it, so what you did in Village A could totally undermine what was being done in Village B, which was right next door. They didn't care, because they cared about their own little piece of the turf, their statistics, their data.

Q: Right, right. So, when you finally left, you were coming back to Washington, you knew that? What was the state of the war? Was the war over by that point?

LAUDATO: No, no. The war was...

Q: Still raging on?

LAUDATO: The war was still was still raging on.

Q: And the students? Were you running into opposition? People who said you had been part of what we shouldn't be doing in Vietnam?

LAUDATO: It never bothered me.

Q: It didn't bother you? They welcomed you back home?

LAUDATO: Right! I remember being back one year. I had a girlfriend in the New York who was a member of the Communist Party. I brought her back an outfit that the PRUs wore. The PRUs were the political reaction units. They were assassins basically. And I said, "This is for you, Pauline - a gift from Vietnam." She wore it out on New Year's Eve!

Q: [Laughter] She knew what it was?

LAUDATO: Yeah, she was a cool New Yorker, you know. We went down to some Communist Party League New Year's Eve party. This was when the Lower East Side was really pretty bad in New York. It was on the Lower East Side, in Alphabet City somewhere. We get there and, of course, being totally disorganized, they hadn't even figured out how to turn the heat on. It was freezing cold. I said, "Let's get out of here. This is why Communism isn't ultimately going to succeed, Pauline. You know that, and I know that."

Q: [Laughter] So you were in Washington for a year for the training program?

LAUDATO: No, no. You went immediately to work. It was based on heavy mentoring kind of roles and relationships. When I came back, I was assigned to the Philippines desk. Ray Love was the desk officer. He just really helped me and really helped show me how things work. He made sure I got out to the Philippines to work on project design and development activities. At first consultative group meeting, he wanted me to do all of the background papers. These were all huge responsibilities. But I worked for people like Ray, and Frank Correl, who was the desk officer. Al White, was the head of the program office, Dick Birnberg was his deputy. Guys like Ted Lustig and Sy Taubenblatt ran these wonderful capital projects offices. These guys all really reached out to those of us who came back after so long, and helped us with our careers, helped explain how the system works, what role Washington plays, what role a traditional mission plays, the ups and downs, what a good project design looks like, what is doesn't look like, and just how the process works. They were really very, very powerful mentors.

You know, that was one of the things that worried me a little bit about the Development Leadership Initiative (DLI) program because I didn't know if there was enough depth left in the agency at that point. That people could step up and be the kind of mentors you would need when you bring in a huge cadre of new people. I had that discussion - certainly with Janet Ballantyne a number of times, and I had it with other people because I thought it was something we really had to keep an eye on.

I spent three years working on the Philippines. I spent a lot of time in the Philippines in the early 1970s. I was there the day that President Marcos declared martial law. It was a Sunday morning. Sunday morning we woke up, and there was nothing on the radio. We went out on the streets, and there was nobody on the streets. Later, the messages came that martial law had been declared.

Q: Give us a little background on why. What was going on?

LAUDATO: Well, there was still some insurgency going on, but it was a power grab - a straight power grab. We had a huge program in the Philippines at that time.

Q: What years were these?

LAUDATO: I started on the Philippines desk in 1970, and I was there until 1974. When I came back from Vietnam, I was diagnosed with cancer and could not get a medical clearance to go back overseas.

Q: Really?

LAUDATO: Yes, and I couldn't get a medical clearance to go back overseas for quite a while, but that didn't make any difference. I just stayed in Washington. I learned everything I could. I learned how to do evaluations. Jim Dalton - I don't know if you ever knew Jim - he was a wonderful social scientist. Jim, an economist named Roger Sedjo, and I went out and worked on a major evaluation of the provincial development program. I also went out and helped design the first rural electrification program. Ray sent me out

to do that one. I had lots of opportunities to learn the nuts and bolts of a mission, how that played into Washington, and what role Washington had in all that. Actually, as a result of the evaluation on the provincial development program, there was some language in there that really annoyed the mission director because it called him out for using this program as a way of managing all of his programs in the provinces and using project funds for basically what should have been OE (operating expenses) funds.

I remember Al White saying to me after he came back that he had read the evaluation. He said, "That's a good evaluation, George. You, Jim and Roger did a really good job. You've done a real service to the bureau on that one, but I don't think you are going to be welcome in the Philippines anymore. But we are going to open a new program in Yemen. If you are willing to do that, I'll make you officer-in-charge. You can have Yemen and all the residual Arab programs."

Q: A totally new part of the world for you.

LAUDATO: I said, "What are the residual Arab programs?" Al said, "Well, if you don't want that, you can have the residual European programs." I said, "Give me the European programs. Residual Arab programs sounds like a dog's dinner." But, anyway, I became the officer-in-charge of Yemen and spent another couple of years and helped to open that program. We opened that program in 1974 or 1975. There was no mission at first. We just sent out a team to do set things up. That was the first time I was ever in the Arab world.

Q: Why had there been no program there previously?

LAUDATO: Because they had picked the wrong side in the previous war with Israel. They sided with the Palestinians, so we cut relations with Yemen. But we had had a big program in the 1950s and early 1960s. A big program with big capital projects, water systems, roads and things like that. So there was a foundation of goodwill about the U.S. So I just went out. They had a wonderful Mission Director – a guy name Al Ruiz – who loved Yemen and had been an engineer in the earlier years there. We put together a program. There, I really learned about how do you go in new and say what makes most sense here. Again, if you leave it to Washington, Washington will drive it by all the flavors of the month. What they needed was water. Water was the critical issue. So we really did design a strategy and a set of very tight programs around water. It proved to be quite a successful effort for a number of years. We had missions there up until the place just collapsed. Again, it collapsed, I think in part, because of the water situation. I did that for a couple of years and spent a lot of time in Yemen, going back and forth. I worked with Lou Stamberg, who was the Officer-in-Charge of Afghan Affairs at the time. Lou was a real gentleman, a really nice man. Tony Schwarzwaldner was the Office Director. I did all kinds of things in that job. I covered Turkey for a while.

Q: Your residual European programs?

LAUDATO: Yeah, it was residual Europe. It was the last consultative group on Turkey, and I remember Al White saying to me, “Well George I think that you should go.” Bruce Laingen, who later was one of the guys captured in Tehran, was the State desk officer. He said, “You and Bruce go.” I said, “Al what kind of signal is that going to send to the Turks. I am such a junior officer?” He said, “Probably the right one.”

Q: [Laughter]

LAUDATO: He said, “We’re going to be cutting that program off. There isn’t going to be a Turkey program. They’ve gotten everything they are going to get out of us.”

Q: And you are the image of it!

LAUDATO: Yeah, the image of it. Exactly.

So I did that. I got my medical clearance, finally, and it was just as they were opening up Cairo. I remember Norm Sweet, a guy I had known in Vietnam. He had been very active in the Middle East operation. He grabbed me aside one day and said, “Look they are going to have at most two dozen people at that mission. They can’t afford the space. But it is going to be a fabulous opportunity for some younger officers to go out there. I’m going to put your name forward, and I don’t think you should turn it down.” So I thought, Cairo? I had been through Cairo once before going to Yemen, and found it interesting. So I said, “Okay I’ll give it a shot.” I went out in the summer of 1976 to Cairo. I was thirteenth person on the staff. The year I went out, they had \$250 million in the system. That was a lot of money. The next year, total economic assistance was tallied at almost a billion dollars

Q: Was that for Camp David?

LAUDATO: Yes, yes. I was there when Sadat returned from Jerusalem and made his famous speech in Abedin Square.

Q: Remind people what he said.

LAUDATO: He had spoken before the Knesset, and he came back and he spoke to the Egyptian people. They estimate about a million people came. He was a great orator. He had been criticized by the press in Cairo, which was a whole other issue, all the reporting in that part of the world being highly critical. They criticized him. Arabic is very flowery and lends itself to an almost a poetic kind of presentation. He said, “I kneel only to God, and I bow only to my people.” The place went into an uproar. He went on in the speech, explaining to the Egyptians why he went to Israel, and why he felt this is part of what the open door would mean. They would open the society. The society had been closed for too long. Really, what he was saying was, we cast our lot with the East and that didn’t work. What have we gotten out of it? A lot of decrepit industries that are losing more money than we have to put in, in terms of resources, and the real future of Egypt its alliances in Western Europe and the West. That is what drove it. Being able to say it is one thing.

Being able to do things you need to do to operationalize it was really quite something else. Although there was, I think, at least in the Sadat years, an honest effort to find those ways.

We had this huge billion dollar a year program. What do you do? You did not have that many people, but it wasn't long before we were up to 25, then to 30, and then 40 staff. We kept growing, moving buildings. Basically, we had a program where you had to have major capital projects because you couldn't absorb that much money by just doing small technical assistance projects. We had a three-part program. One part dealt with just commodity imports. It gave access initially to whoever wanted to utilize it. Ultimately, though, it became a private sector program, for the private sector to access foreign exchange to import U.S. goods and services. We had a big capital project program that provided capital for telecommunications water, sewerage power etc.

Q: What about the ports?

LAUDATO: We revamped the Port of Alexandria. We revamped all the ports of the Suez. When I was there, I worked four power plant projects. We put in a huge investment in power, water and sewage. Cairo water, Cairo sewage, Alexandria water, Alexandria sewage, all canal cities water and sewage, all the secondary cities water and sewage, and then under a program called, "Development Decentralization, which was a big program that built rural infrastructure, we built water systems in probably almost every major village in Egypt. Irrigation was involved. They hadn't invested in infrastructure in so long; there were no resources. We came along, and we had all this money. Of course, when you are putting it together, if the U.S. Government imprimatur is behind a power project, you can find European financiers. You can go to the bond market because there is a certain level of confidence that develops. We helped the Egyptians out that way.

But it was an interesting approach, John, because I don't think anybody missed the idea there had to be fundamental reform in that economy and that society, or else they weren't going to be able to make this opening really work. Getting there, we couldn't hold up the assistance because remember the assistance was principally, and the Egyptians knew this, tied to the fact that they had peace with Israel. As long as there was peace with Israel, we were giving so much to Israel, and, although it was never a written treaty, there was an understanding we would do this for Egypt, too. So what do you do that doesn't allow them to just continue their profligate ways of spending more than they take in and get them to put some discipline in the economy.

It was tough to get them to cut the subsidies. While we were there, Sadat tried to do it in 1977, and Cairo went up in flames. I was sitting in the bar at the Hilton Hotel, which is right on the river. Janna was going to meet me. We weren't married yet. So she was going to meet me, and then we were going to go back to my place, which was right on the river up at the 26th of July Bridge in Cairo. She comes in, and we have a drink. I said, "Let's go back to the apartment. I want to take a quick shower, and then we can come back across town and go and eat. We came out of the Hilton and go across the bridge

right by the Hilton. We get about halfway across the bridge and there's all these students coming the other way. This little Egyptian boy knocks on my window.

Q: You're driving?

LAUDATO: I'm driving. He says in broken English, basically, "Do not go further or your car will get broken." I get exactly what he meant, and said, "Uh oh, something is wrong here." I turned over the meridian, scraped the bottom of the car, and went up the river and over the bridge by my apartment, which was okay. It was in Zamalek at the time. They had raised the price of buta gas that day, and that is what became the famous bread riots.

Q: Buta gas is household gas?

LAUDATO: Household gas, yes - the propane tanks. We stood on my balcony. If you stand at the end of Zamalek, by the 26th of July Bridge, you look across the river and the area of Bulaq was right behind there. Bulaq is one of the big slums of Egypt. Cairo has always had a sense of the masses boiling out of the slums, and rioting. It's just what it looked like. And they came boiling out, setting fire to everything in their path. We sat there and watched that whole part of the city burn from my balcony.

Q: And you figured they weren't going to come as far as you were?

LAUDATO: Well, I was living in the building with Ismail Fahmy, who was foreign minister at the time. It was protected. A group of students started to come down our street. The Egyptian security was always very, very good. Out of every shadow came the plainclothesman with submachine guns. They just turned these kids around in the other direction.

Q: They didn't shoot?

LAUDATO: No, they didn't shoot. No, no. The Egyptians weren't that rough at that point.

Cairo was, from the start, really exciting. I got to work on capital projects, which I really liked. I learned a lot about power, water, and wastewater.

I remember one great story. I was again at a social engagement one night with this rather large Egyptian woman, dripping with jewels, and she said "Mr. George, no!" She was waving her finger at me, and she was taller than I was. She says, "No Egyptian mother is going to send her son to the university to become an engineer and work in a wastewater treatment plant." Yes, that was true when there were no jobs but the minute there were jobs, we never had trouble finding really competent Egyptians to work in that environment. Egyptians have become the go-to people for wastewater in the Middle East because they have so much experience, basically which came from working with AID on all those major wastewater projects.

Cy Taubenblatt told me years later, he said, “One of the big success stories of Egypt, which never gets mentioned and never gets analyzed, is how U.S. industry trained so many Egyptians because they were training them on the projects supported by the US” You had Bechtel, General Electric (GE), and AT&T. They brought thousands of people back here to the United States. They weren’t thought of as participant trainees or anything like that. They were just trained under those contracts. They brought them back. They trained them. They went through their own internal training programs. That has had a huge impact on the labor market throughout the Middle East, and certainly in Egypt. So there were lots of unintended consequences that went along with this.

But the theory of all of this work – both the commodities, the capital projects, and a huge amount of technical assistance, particularly in agriculture, health and education, was that you had to pick things that didn’t allow the Egyptians to do more of the wrong things that they were doing and, hopefully, was building some institutional infrastructure, that if they ever got to the reforms in any of these sectors, they would have the beginnings of institutions that could take over. And that meant we built a lot of agriculture research capacity in that country. We made a lot of investment in health. Joy Riggs Pearl, a number of years ago, did a 20-year retrospective of the huge impact of AID’s investment in health in Egypt, widely recognized as a really terrific piece of work.

And education.... When we started working in the education sector, it was a very difficult sector to work on in Egypt. While the Egyptians were willing to have the U.S., who they didn’t really know that well at the time, muck around in the health sector, education was a little too close to their own patrimony. I remember, we, of course, being Americans, approached everything in an almost cookie cutter way. What do we do? We brought a huge team out to analyze the education sector to give us a report upon which we would build a project. The week we got the report, I remember, I held it until the weekend and read it over the weekend. Then on Sunday morning, I was playing tennis with the mission director.

Q: Who was?

LAUDATO: Don Brown, who was a fabulous mission director. I said, “Don, there’s no way the Egyptians are going to let us do all these things in the education sector. They’re not going to want us mucking around in curriculum or books. That’s too close to their political and their social heart.” He said, “What are we going to do? We have to do something in education.” I said, “Let’s just build them schools. What difference does it make? It’s not going to hurt anything if the kids have a little bit better place to go to school.”

So we negotiated and negotiated and, finally we said, over the next five years, we’ll build 2,500 classrooms. We had only one thing we wanted as a precondition to this program.... This is because we had this woman on the team that came come out, Andrea Rugh. Her husband, Bill Rugh, later became head of AMIDEAST. She was a very well known anthropologist. She pointed out to us, if you can get the Egyptians to do one thing on

primary education, that would be to utilize some kind of an algorithm – of course we weren't using that term in those years -- or some kind of a formula that structured the catchment areas for those schools, that it would facilitate the capture of girls as opposed to only boys. The boys will come no matter where you put the schools. The girls will come only within a certain distance. So we proposed that to the Egyptians, thinking they were just going to look at us like we were crazy. They loved the idea! When we started that program, less than 50 percent of girls were in primary schools today 96 percent today are in primary schools. It was the single most important factor in the education.

From that, of course, we got to know the people in the education sector. AID has been involved in education in that country for the last 30 years. Now, they just see the U.S. as their primary provider of help on education, and they like it. We put in place the Sadat Fellowships and sent all kinds of young people here, lots of participant training, worked with a lot of the universities. But we did those kinds of things because we had a lot of money to spend and we needed to find ways to get things moving. We couldn't go to the serious policy questions because they weren't ready for it yet when we first got there, even doing the capital projects. I remember Bob Blakely went over to the Minister of Construction. He said, "Well, look, we've got to move quickly. You must have feasibility studies from the World Bank on the shelf. We'll just take those and let us work off those." And minister looks at him and says, "We don't have feasibility studies. In Egypt, if it is in the plan, it is feasible; not in the plan, not feasible."

Q: [Laughter]

LAUDATO: So we came back. One of the first projects we put in place major feasibility studies. We just brought all kinds of teams out to begin looking at water, sewage systems, and things like that, and just building from there up. We were overcoming a lot of cultural gaps. They were learning about us. We were learning about them. They wanted to do some management training. Of course, what they wanted was a relationship with Harvard Business School. So we said sure. Of course, we go about it the way we always do, put out for bid. And Southern Illinois wins the bid.

Q: Not Harvard?

LAUDATO: Not Harvard! They said where is Carbondale? That wouldn't have been so bad. We could have sold them on that. I don't know who did the analysis of the bids that came in. I think we did them. I don't think the Egyptians did them at that point. Somebody missed that Southern Illinois was subcontracting for dormitory space with Caramel Corn College. What? Caramel Corn College? What is that? We eat caramel corn! There were lots of stories like that. These crazy things happened. They didn't always understand us. We didn't always understand them. But there was such a reserve of goodwill. The Egyptians are very nice people.

Q: What years are we talking about? You were there for how many years?

LAUDATO: I was there from 1976-1980, then I went to Philippines for four years, and then I went back to Cairo for another four years.

Q: Speaking about these four years, you ran into somebody there, who was in the car on the bridge, who became your wife?

LAUDATO: I can't tell that story.

Q: [Laughter]

LAUDATO: She would be embarrassed. I saw her on the street, stopped and offered her a ride.

Q: Some American chick?

LAUDATO: Yes, exactly. We still joke about how they were wearing those pencil skirts women used to wear. High heels, pencil skirt, blonde.... That's how we met.

Q: [Laughter] Of course you did that all the time, right, George?

LAUDATO: No, no. I am a very conservative fellow.

Q: So, you were going with Janna during this period?

LAUDATO: Yes, and we got married in Cairo at city hall.

Q: Really? City hall?

LAUDATO: Yes. The woman doesn't go the marriage ceremony. The male goes, and a male representative of the woman goes. But Janna went; she was not about not to go. Our friend, Sam Tahir, was her representative. They lived just around the corner from us, the Tahirs. He was an engineer out at the Helwan steel mill, and his wife, Sue Tahir, taught with my wife, Janna, at the Cairo American High School. You had to fill out these big long forms in Arabic. The week before we did this. Sam came over and filled them out for us. We gave him all the information. I remember saying to Janna, "Now we have to get medical certificates," and, she said, "No, he told us we didn't need them." I said, "Janna, there is no country in the world where you can get married without a medical certificate. She said, "I'm telling you, we don't. " I said okay.

We get to city hall. Of course, it is classic bureaucracy. You walk in. The desk is piled with papers and file folders with little strings holding them together, falling down. It's dirty. Janna was wearing a white suit, and she couldn't find anyplace to sit down without getting all dusty. We are standing there, and he said, "I see we have the forms. These are filled out in ballpoint pen. They are only legal if it is filled out in ink pen." So, under the table, some money gets passed and, boom, the forms disappear. The forms reappear about a half-hour later, all filled out in ink. He says, "And where are the health certificates?" I

look at Janna and am ready to divorce her right here. I said, “I told you we need them.” He said, “We’ve got a problem.” A little bit more money passes under the table. Out goes the little “go-fer,” and later appeared two medical certificates, all signed and sealed, doctor stamped and everything. That’s how we got married. All we have that shows we’re married are these two Arabic forms. We never had anything else.

Q: Any of your parents there, or anyone else?

LAUDATO: No, no. But John Blackton, who married Maggie - Maggie was an Egyptian gal - we were comparing stories. He said, “You got off cheap! It cost me at least three times what it cost you to get married. I had to pass so much money under that table!”

Q: I’ll just mention - we can take it out - but John Blackton’s daughter now joined USAID.

LAUDATO: Yeah, Natalie.

Q: She is assigned to Cairo.

LAUDATO: She is a terrific kid. And his son, James, is a banker in New York City. The Blacktons have really nice kids.

Q: This would have been what year you got married?

LAUDATO: We got married in 1977.

Q: So you lived another three years there in Cairo?

LAUDATO: Anthony came along in 1978. We had only the Arabic television, and Anthony, from the time he was a little boy, he loved to watch the call to prayer. He would sit there fascinated by the call to prayer on the television, because the maid sometimes would turn it on. We still joke with him about it. Of course, now he is at CBS News.

Q: Oh, really? Did you and Janna learn Arabic?

LAUDATO: I could understand a lot of Arabic, and I could speak some. I could get around the street okay, but I couldn’t work in it. Janna worked in it. The second time we were there, which I will go into because that’s really the story of how the U.S. broke the back of the recalcitrance of the Egyptians and began to move them on the policy front. Janna worked at the Principal Bank for Agriculture, and she worked in Arabic. Her Arabic was quite good.

Q: And your kids - did they learn some Arabic?

LAUDATO: They were a little too little. Anthony knew words. He called money from “lah-louse,” from “fah-loose.” He called coins “lah-louse” until he was almost five years old. We didn’t tell him it wasn’t the right word.

Q: So, this program - Don Brown was the mission director the whole time?

LAUDATO: Yes, the whole time I was there. He was a terrific mission director. He was so thoughtful. He was a brilliant project analyst. He understood the politics of Egypt, and he was very open. For young guys on the staff, we had absolute access to Don. We could go in and talk to him. Owen Cylke was the deputy. Just to give you some idea what this front office looked like. Don was the director, Owen was the deputy, Jim Norris was the senior economist, John Blackton was the senior social scientist, and Fritz Weden was the senior program officer. I was the deputy. It was a pretty good group of people to work with.

Q: You mentioned Brown’s ability to analyze projects. Can you think of an example of some of the impact he had on, let’s say, a project design or a project approach?

LAUDATO: Yeah. We were always running into these situations where we would approach like basic education and push on an indicator like girls participation. He knew how important girls education would be eventually to both the perception of the program and also to the economy there. Because remember, Egypt was beginning to open up at this point. There was a demand for labor. Women started to go out into the work force. When I first went there, not many women wore the veil. They started to wear the veil when they had to go out and be on public transport, to say “I’m a modest woman and you can’t touch me.”

But we would get into other things. The Egyptians wanted to look at their poultry capacity. So we did this analysis and came up with this analytic document. Ninety percent of the poultry is produced in backyard flocks in this country. It’s not produced in large commercial operations. So what you really need to look at is, how can you reach out to individual small farm-led enterprises? It made really good sense to us. The Egyptians read it, and said, “Oh that’s really good. So what we will do is, we will build three public sector poultry factories.” Don would then have to come in and negotiate with the Egyptians. And he was good at it. He had enough gravitas that they would listen to him. So there were lots of things like that. For example, he came into my office one day to sign a project for me.

LAUDATO: He was a terrific project person. He understood how projects worked, what they could be used for, and what they couldn’t be used for. He was competent. He tended to get really good people around him - people who really had substance. The capital development office we had was fabulous. We had more guys who knew how to put together these big projects – power plants, water systems, and telecommunications systems. As I said, again, it gave huge opportunities to Egyptians to work on these things. There is a reason that Washington is filled with Egyptians in the consulting industry. It’s because they all come through the AID program out there. They are all over the place.

Q: Did he speak Arabic?

LAUDATO: Don? Yes, as did Micheline, his wife. They had been in Morocco for a long time. They were both pretty good at languages.

Q: Did he meet with Sadat?

LAUDATO: Oh, we all did. I have a nice photo of me shaking hands with Anwar Sadat. That was the other thing – we could meet with anybody. There were no restrictions. Even the most junior officers - if you could meet with the ministers, you go ahead and meet with them! We had so many irons in the fire that we had to use everyone.

We used to go to these lunches. There were two lunches you got. You got the surf and turf lunch - the Egyptians were big eaters - which was generally a large-size filet mignon and then tons of these big Red Sea prawn-like lobsters. “You only ate six lamb chops for lunch! Here, have some of these veal schnitzels!” They had excellent meat in Egypt. The Egyptians ate lots of that. So you were always going to lunch with them and having a chance to talk.

I remember one time the World Bank had just put out a paper that looked at the 10 largest public sector industries. That would have been Helwan Steel, Naga Hammadi Aluminum, Nasr Cars, etc. It looked at the 10 largest industries and concluded not one of them produced more than they consumed in terms of resources. Those big industries were such a drain on the economy. I went to this luncheon and was sitting next to the Minister of Industry The International Monetary Fund (IMF) was there - Paul Chabrier, who lives here in town now. Paul was out, and they were having this lunch at the Hilton. The minister was a young guy, and he was pretty sharp. I asked him, “Have you read the new World Bank report yet?” He said, “Oh, George, I just read the executive summary and it gave me such a headache, I couldn’t read anymore.” I said, “I can imagine! Wait until you get to the rest of it.” They knew they had a problem. They knew what the problem was, they just didn’t know how to get from point A to point B politically in order to take the political steps they needed to solve it.

We were at a dinner party one night. There were many ex-ministers of economy in Egypt. They changed ministers of economy all the time. Janna was sitting next to one of the former ministers. She said, “Wouldn’t it have made sense just to float the exchange rate last year? Look at where you would be if you had done that.” He reached over and he pats her hand. He was a big corpulent fellow, and he pats her hand, this little blonde woman, and says, “Ms. Janna, we Egyptians, we know what we need to do, but we’re very comfortable where we are. We know if we take these steps it’s going to be uncomfortable, so we never quite get around to doing it, even though we know a year later we’re going to wish we had.” I said to Janna, “For all of its simplicity, it’s a pretty damn good analysis!” She was telling me this coming home in the car at night after this reception/dinner.

So we had a lot of opportunity to meet with the ministers all the way up the line. When I ultimately left, I met the guy who became minister of agriculture, then deputy prime minister, and head of the National Democratic Party (NDP), Yousef Wali - a very powerful guy. I met him when he was still at the Cotton Institute (High Institute of Cotton Affairs) in Alexandria. My second time there, before I left, I went by to see him to say goodbye just to thank him for all the help. He said, “We should have given you an Egyptian green card. You spent more time here than many of our ministers have! I said, “I really did like it though, Mr. Minister.” They were genuinely nice people. You got to know them.

Another thing about Egyptians which always that struck me as really kind of interesting – they could be poor as church mice, and they would still invite you into their house to feed you dinner. We were always getting invited. Even our lower down colleagues would invite you to their house, some of them these small, tiny, cramped little apartments in Cairo. It didn’t bother them. They were proud of being Egyptians and proud of just everything Egyptian. Egyptian food is the best. Everything Egyptian is the best. It gave a special cast to working there.

Q: You had quite a social circle?

LAUDATO: Quite a large social circle of Egyptian friends.

Q: That’s great. Not all posts you can do that.

LAUDATO: No, I know. I’ve been in other posts where people don’t invite you in. They will invite you out to dinner to eat in a restaurant, but not into their house. The Egyptians were just the opposite. And they would always say, “Bring the children.”

Q: Well, before we wrap up Egypt, is there anything in summary? You come back later, but this is in the 1980s. Sadat is still in power?

LAUDATO: Sadat is still in power. He was assassinated my first year in the Philippines. Sadat was still there. His wife was very active in development. She worked with the aid missions all the time. When we left, we left with a really good taste in our mouth about what it was like to work in Egypt.

Q: Today is March 13, 2018, we are about to begin a second interview with George Laudato. George, we left you in the last interview with finishing your tour in Egypt and getting an opportunity to go to the Philippines. Please take it from there.

LAUDATO: I was in Cairo and finishing up. I got a call from Tony Schwarzwaldner, who had just taken over as the new AID director in the Philippines. I had been on the Philippines desk some years before and had the opportunity to do a lot of work in the Philippines. I worked on the design of the first expansion, the major rural electrification program for the Philippines, which was really quite a landmark project. I got to travel all

through the islands. It was really a wonderful experience. I liked the Philippines. I liked the Filipinos. I knew Tony.

Q: That project really covered all of the Philippines pretty much? Bringing rural electrification, just as we did here in this country?

LAUDATO: Yes, right. It was based on the U.S. model, implemented by NRECA (National Rural Electric Cooperative Association). I jumped at the opportunity to go back. Tony said, “Look, I’m building a new team out here. I have a vision of where I want to see the AID program go in the Philippines.” I said, “Absolutely! I would love to come back.” So I went back. We packed everything up. Packed Anthony, who was now just old enough to realize when we got on the plane that he was in the air and not on the ground anymore. I remember him asking me, “Dada, airplanes no fall down, right?”

[Laughter]

LAUDATO: So we went off. We went to Sri Lanka first for a little vacation, then on to Bangkok for some more vacation, and then arrived in Manila.

Q: So it was a direct transfer?

LAUDATO: Yes, a direct transfer. It was an interesting start in the Philippines. Tony was a very dynamic director. He had put together a superb team of officers out there. Denis Barrett and later Mary Kilgore was the deputy director. George Carner was in charge of strategy and strategy design. Steve Sinding was the health and population officer. Bill McDonald and Tom Rishoi were the capital projects officers. I took over the program office. Stu Callison was the mission economist.

Q: It was a great team.

LAUDATO: The theory, what we thought we were going to do, was design a program that would really, for the first time, look at the aspects of poverty in the Philippines and put together a program that would directly address poverty alleviation. Remember, this is the tail end of the basic human needs years.

Q: What year are we talking about?

LAUDATO: Well, let’s see, Reagan came in in 1981, so this was 1980. With George, myself, Stu, Steve—Monika Sinding was also in the project office, a very important person in that office—and Mary Kilgore, we designed this program that looked at poverty in the Philippines as an uplands problem, not a lowlands problem. Previously, the programs had been designed to address the issues in the rice basins because that’s where the major productivity for the economy came. That’s where the rural electrification went, that’s where the irrigation work went, that’s where the roads went, that’s where the community development went. We said, “But they’re relatively well off. The real problem here is that poor people, as population increases, are being driving up the sides

of the mountains. They are farming with lowland technology on the sides of the mountains, having a huge environmental impact and destroying their own meager resource base. What we have to do is, we have to find a way to address these issues.”

It was a fairly innovative program that looked at uplands agriculture, uplands communications. You could build trails instead of roads. It was really just coming together. It tied together a concern for the environment, a concern for poverty. It looked at the fishing areas because they also were being impacted by this. They were poor. They were marginalized people. It tied together the uplands all the way down to what was happening in the ocean. Of course, we were really feeling good about this, too. It was a wonderful thing to be doing. It seemed so innovative.

We had fabulous Philippine counterparts. These people were so smart. They had already done a lot of the analysis themselves. They knew the nature of the problems. The University of the Philippines (UP) School of Economics, the Ateneo de Manila University, the Economic Development Foundation (EDF)—the Philippines is filled with first-rate development organizations—the Asia Institute of Management. We had loads of counterparts, lots of people who were really enthusiastic about this as an approach. And then, of course, we have a national election!

Q: Ah ha!

LAUDATO: All of a sudden, in many ways, we were on the wrong side of the issue because it was no longer poverty alleviation; it was back to an economic growth. It was the old theory, “The economy rises, all boats rise.”

Q: To clarify, it was the election of Ronald Reagan?

LAUDATO: Of Ronald Reagan. And Peter McPherson coming in, and Peter’s four pillars of development—working on policies, working on the institutions, working on training and helping people get trained up, and I think the fourth one was governance, or vaguely related to governance.

So here we were. We had what we thought was this really terrific model to pursue, and nobody really cared about it anymore in Washington. We were told, “You’re working on the wrong set of issues.” I remember John Bolton coming out. And George Conner—poor George, who was a saint, one of the nicest people in the whole world—he got the job of taking John Bolton around to try to explain this program, which of course we all knew John Bolton was going to hate. And John Bolton did hate it. Poor George! He was just destroyed afterwards. He just felt so bad because he, Tony, and Mary were really the drivers behind the theory of what we were doing.

Q: How did you know that Bolton hated it?

LAUDATO: He told us! *[Laughter]* He said, “This is crap. This isn’t what you should be doing. This is a waste of people’s money. You’re never going to affect poverty in this

country, other than raising the level of the economy.” Look, they were very honest. There was no artifice about the people that came, including Peter, whom I later went to work very closely with and learned he was a great intellect. We were just caught in the wrong place at the wrong time. So what do we do? We do what good bureaucrats always do. We rename everything! We spun it. It was all spin, but we were saved. We were saved because we are right and it was 1981, just at that point where we had to renegotiate the bases rights agreement for the Philippines. Part of the bases rights agreement was \$500 million in economic support funds as the economic compensation package for the use of the bases. Then there was military assistance and everything else. What are you going to do? You’re running a \$40 million a year program. You get into the rhythm of it. All of sudden, I think it was over four years—you have another \$125 million a year dropped on top of you.

To further, I don’t want to say complicate, but to make it perhaps more interesting, the Filipinos said, “Yes, that’s acceptable. We will use this for development. That’s fine with us.” We used to work through NEDA, which was the National Economic Development Authority. They said, “But this money will go to the ministry of human settlements.” And the minister of human settlements is Imelda Marcos. She’s the first lady, she’s mayor of metro Manila, and she is minister of human settlements.

Now, human settlements is an interesting group of people because, again, a very Filipino way of approaching things. She drew around her a group of absolutely brilliant people, young people. Many of them had gone to Stanford University and were imbued with this idea of human settlements and that theory—it almost harkened back to the Second World War in some of the social planning—you could really design communities that caused people to act one way or another.

We had to then figure out how to program this \$125 million a year. The trick was, the money had to move as dollars originally. We set up a system where we moved the dollars to the Philippine Central Bank, which got it out of the hands of the Marcos family basically and got it into the economy through Jaime (Jimmy) Laya, who was the head of the Central Bank, an impeccably honest young bureaucrat, a Harvard-trained guy, and really good. The Filipinos set up a peso account equivalent. The peso was floated, so there were never foreign exchange issues. Whatever day we moved the dollars, they created a peso account, and we programmed the pesos. Of course, two issues—first, what are you going to do with this money and, second, how are you going to account for it? Or do you have to account for it, because it is not U.S.-owned?

Q: Was there any conditionality on the funding?

LAUDATO: No, no. The conditionality was the use of the bases. The economy was moving along as a pretty free and open economy. There wasn’t a lot of restriction. In fact, in some ways, it was probably more open than the United States was in terms of trade and things like that. We had one, the accountability issue. We, of course, tried to hide behind the fiction of “Look, legally we don’t own these; these are owned by the Philippine government. If you want to trace something, trace the dollars.” Once the dollars get to the

Central Bank, they become part of free foreign exchange. But the auditors really wanted to audit the money. We basically went to the government and said, “Look, they’re going to audit that. There’s nothing we can do.” There was at the time a lot of auditing. There was a lot of corruption in the Philippines, but when they wanted to do something right, they knew how to do it. When they did the rural electrification program—that was another example—the president actually called in the head of the Philippine rural electrification authority and said, “Pete, I don’t ever want to hear a diversion of one dime out of this program because this is too important to the development of this country.” So when they wanted to do it, they could.

So what did we do? We put in the kinds of things, sort of bread and butter issues. We had to work around the bases in the areas contiguous to the bases where people saw some response, some benefit for the base being there. We took a lot of municipal development work, municipal infrastructure, schools, roads, irrigation. We did it all with pesos. We built so many schools and went to so many openings. Of course, it serves the political ends of the Marcos very well because it gives them hundreds of things to go and open.

Imelda was one of the great openers ever! It was so bad, John. This is an absolute true story. She used to like to go open the schools. You would open the schools in the summertime, right before they would open officially. Of course, in the summertime in central Luzon, it’s bone dry. The grass is all parched and brown. She would have them come up and spray the grass green for the photo op. We used to joke that we all had shoes that were green from having walked on these parched, painted lawns.

[Laughter]

LAUDATO: But we got to know her really well.

Q: Oh, really?

LAUDATO: Yeah. The bases rights work served multiple purposes. It became the symbol for the average Filipino of a benefit from having the U.S. bases there.

Q: It sounds like USAID programmed the funds unilaterally, or was there a commission that decided how to program the funds?

LAUDATO: The ministry of human settlements and AID. But again, Imelda turned it over to these bright young kids, all of whom—they could have been Americans. They were all educated in the United States. They were architects, accountants, economists, and anthropologists. They were just a brilliant, brilliant group of young people. They were very tied into the academic community. That’s whom we got to work with. It was a terrific experience.

It served the purpose of there being a positive symbol associated with the bases. It gave us the chance to do the kind of work that AID does very well and knows how to do. It wasn’t state-of-the-art, but it did not build useless stuff. There were no roads leading to

nowhere or to the village chief's house. That didn't happen. It was pretty straightforward. There was economic analysis done on all the projects. As I said, it was pretty honest in the implementation. We involved the governors, which was important because of course they were all important allies of the president, even though they were elected.

What happens of course is, at this very same time, the whole Marcos thing begins to unravel. Janna was at the University of the Philippines at the time. She was taking an MBA. She got to know a lot of the radical students. She would come back every day and tell me about what was going on. How this anti-Marcos feeling was really beginning to develop. I remember, clear as a bell, one breakfast one morning. We had this lovely little screened in porch. We were having breakfast. The kids were throwing Cheerios at one another. Stephen had already been born by this point. Janna was reading Business Day, which was the business newspaper of the Philippines. It was tabloid size, but not a tabloid. There was a lead editorial that called for the resignation of the president. This was from the Makati business group, and it was written by, I think, a guy named Vicente "Ting" Jayme, who was the head of the Philippine business men's association, and also the president of the big private sector development bank they had. The bank was actually a project the U.S. had set up in the 1950s. You could begin to see the deterioration.

Imelda really liked the AID people. She always used to joke, "Oh, those guys at the State Department, they're very stiff. I really like the AID folks." We worked very well with her. I spent hours negotiating with her. Mary Kilgore and I did most of the one-on-one negotiations. One day we were out at the human settlements, Mary and I. We go in. She comes—she always made a grand entrance—she comes and she sits across from us. She was fuming because there had been an article in the paper that morning accusing her of being behind the assassination of Benigno Aquino. Remember, he came back to run against the president once again because he had been defeated the last time he ran, and he was assassinated at the airport. She was sort of justifying herself to Mary and I. She said, "How can they say that about me? I have been the victim of an assassin!" She's wearing one of those Philippine dresses, and she pulls back the sleeve. She's got these scars on her arm where she protected the Pope when they tried to assassinate the Pope in Manila.

Q: Oh, I don't recall that.

LAUDATO: Yeah, yeah, it happened in, it must have been in the late 1970s sometime.

She was prone to this high drama. We spent a lot of time working on some of this stuff. She had good instincts about development issues. She was always pushing the envelope and lots of times would ask us our opinions on stuff we weren't financing, on stuff they were just financing themselves. She was always pushed by the people, these kind of social planners that worked for her, to try to do something on mortgages for example, mortgages for the poor. She said, "Just tell us how it works in the U.S. and are there some lessons there." She was very into that.

She was very generous in the sense that never a major event went down in the palace that there weren't a dozen AID people there.

Q: Really? A dozen?

LAUDATO: Yes. She would always invite me, Tony, the Rishois, Bill McDonald, the Sindings. Some of the people in the mission wouldn't go to the events. They were very big and very lavish. We used to joke about her New Year's Eve parties that they were straight out of New York City, with the glitz.

Q: You went to some of those New Year's Eve parties, I hope?

LAUDATO: Oh, absolutely.

You could see the deterioration of their ability to govern as people began to really get organized. For example, they had a really strong family planning program in the Philippines, one of the early ones. The Ravenholts were there, working with them from day one. She was also very prominent. She was the president of POPCOM, the Population Commission.

I was at a party one night at John Dumm's house. Steve had left, and John had taken over as the head of population. Dr. Conrad "Clipper" Lorenzo was there. He was the operational guy at POPCOM. There had been a fire that evening at POPCOM. The phone rings at John's house, and it's Imelda. She said, "This is the first lady. Can I talk to Clipper?" "Yes, ma'am, one moment." We got Clipper. He's a little bit shaken because of the fire. "No, ma'am. No, ma'am. No, no. It didn't happen. Don't worry about it. Everything's fine. Thank you. Good evening. You too. You too." He hung up. We said, "What was that all about, Clipper?" The Philippines were very open about this stuff. He said, "What do you think it was?" She wanted to make sure the financial records hadn't burned, because whenever there was a fire in the Philippines, the two things that always burned were the land tenure records, if it were in a provincial place, or the financial records. They always burned. He said, "No, no. The financial records are fine." She was calling up to check to make sure that wasn't a ruse for some hanky-panky that had been going on. The reason I bring that up is because that becomes a signal of how things are deteriorating.

Q: How many years had they been in power by this point?

LAUDATO: Well, let's see. When I was there in 1971, they were in power. They had been in 10 years already. I was in the Philippines the day he declared martial law. They had been 10 years under martial law. Now, you couldn't tell. Martial law didn't affect what happened in the street. The economy was moving along nicely.

Then they begin to try to work the system to shore themselves up. One of the things they did was, they sort of struck an alliance with that radical right wing of the Catholic Church, the Opus Dei crowd. This is when it became really interesting. They move out of NEDA all of the really liberal thinkers and bring in all of this Opus Dei group.

Q: Really?

LAUDATO: We just reasserted ourselves with the human settlements people. Then we had much more activity. We let the other stuff just sort of move along and fend for itself. That was Imelda. She hated the cardinal. She hated the cardinal! She would say terrible things about the cardinal, which I can't repeat here. And she would say them to us!

Q: With the Opus Dei people around, did they make changes in the family planning program?

LAUDATO: Oh, absolutely! That was the point. That was what it caused. It caused the evisceration of the family planning program. They didn't go after it; they just didn't support it. They didn't support it budgetarily. Until they were totally out of power, the Marcos, the family planning program suffered. It regained some of its vibrancy afterwards. It was too bad because it was a really good program. It was interesting to watch how they tried to hold on to power as it was becoming increasingly evident it was not going to work. They were going to have to open this system up politically.

Q: One more thing on the family planning. Before and after the Opus Dei became influential, were they using government clinics to provide services rather than private sector?

LAUDATO: Yes, of course. Everything! They had a huge program of full-time outreach workers—"FTOWs." These were women that went house-to-house and delivered services out of the clinic. They were considered not quite a nurse, more like a nurse's assistant, but a knowledgeable health educator. They were very good. I can't tell you how many household visits I went on with FTOWs while I was in the Philippines. It was always a good way to get into the rural people's houses and talk to them, going with the FTOWs.

Q: Because later, 15 or 20 years later, government clinics did not provide services.

LAUDATO: Yeah, well, these things will ebb and flow. That was the major provider, the government clinics. I left the Philippines before they finally collapsed because, again, it was one of these calls in the middle of the night. It was from Cairo, asking if I would be willing to come back to serve as the assistant director for economics planning and operations. I didn't even bother to wake my wife up. I said, "Yep, we'll come back!" My family loved living in Cairo.

Q: What year was this?

LAUDATO: That would have been in the spring/summer of 1984.

Q: So you had been how long in the Philippines?

LAUDATO: Four years in Manila.

Q: Four years? That's a good long time.

LAUDATO: Yes. Tony had left. Fred Schieck had come out to take over from Tony. Fred and I knew one another from Washington. I always liked Fred. Mary and Fred were good friends. It was still a nice working relationship, but Fred's a different kind of a guy than Tony. He was a very, very politically astute fellow, Fred Schieck. I go to see Fred. I was a little worried he was going to think I was bailing on him. I went in to see him. You know, you're in a mission, and you begin to do everything. The more comfortable you get, you just say, "Oh yeah, I know how the director will decide. I'll just go ahead and do this." I go to see Fred. He's sitting there. He's a little bit phlegmatic. I said, "Fred, look, I got this call last night. It was Cairo. It's a big jump for me. I would really like to go back and take the job." He looked at me and said, "Well, it's okay, George. You know, it's kind of tough having three mission directors in the same mission."

[Laughter]

LAUDATO: I said, "Come on, Fred!" He just started to laugh. He said, "You guys have just been here so long. You know this stuff so well. You know the history of it. And that's the reason we move around in AID, because you do take that stuff from one post to the next."

Q: Anything else about the Philippines in terms of the AID program in general and its history there? Do you think it's really had a significant impact on the Philippines?

LAUDATO: Oh, huge. Huge. This came up just recently. I was at a meeting on Power Africa. One of the sessions I went to was a session with people from the Philippines and people from Kenya, talking about the development of geothermal power. They both started at the same time. The first well in the Philippines was punched in the early 1960s. Union Oil punched it. It was a little AID project. AID provided the funding for it. It was just a test to see if it worked. They punched. They found the geothermal power. It was right on the side of a volcano. They put a little generator in and ran a string of lights down into this community called Tiwi. From that one simple little AID project, the Philippines now, I think, produces 40 to 50 percent of its base power load off of geothermal.

Q: Really?

LAUDATO: Yeah. It's the second largest producer of geothermal in the world, after the United States. Not another government dime went into that. The Filipinos took that little AID project, went out and sold it to the private sector, and the private sector developed the geothermal. Kenya developed their earliest wells in 1961. They barely produce anything today because it remained a government program. Whereas the Philippines were selling concessions—the same way you would sell for oil, they sold geothermal concessions. Geothermal is fairly clean energy. It doesn't have a lot of negative environmental impact. It's just perfect. It's very highly adaptable to an island archipelago

country because you can develop independent sources. It's right there on the Pacific Rim, so it's over lots of geothermal energy. The Philippines is filled with stories like that.

I told you about the fellow who wrote the initial article about Marcos resigning, Ting Jayme. At the time, it was the only private sector development bank in the world. It was doing development work. Again, it started as an AID project. I think both the Tiwi geothermal and PDCP (Private Development Corporation of the Philippines) used U.S.-owned excess currencies from the Second World War that they had had big piles of, and they would just grant them back to the Philippines as a way of cleaning the accounts here. They went back for these purposes where the private sector would come in and cooperate. This was a really good development bank. They did terrific work on development projects. They did real development financing. They were very, very analytic. That was again just another little AID project. The Philippines is filled with examples like that, of stuff AID started and the Philippines picked up. The Asia Institute of Management is another one—one of the preeminent management schools in Asia. That was again another little AID project working with Harvard University. And that runs now as a very prestigious university in the Philippines, fully accredited here in the United States.

Q: Was there anything in the agriculture sector that was successful?

LAUDATO: Sure. The whole introduction of IR-3 developed in the Philippines at the IRRI (International Rice Research Institute). The rice research institute is in the Philippines. They developed that. The other thing that was very interesting, the Filipinos developed early on an appreciation of the value chain. They really got their head around fertilizer distribution, seed distribution, and use of the private sector as the major conduit to get the stuff out. The government very often had the bodegas, the big bodegas, but then the private sector came, bought them from there, and then sold out.

Q: Bodegas being like a warehouse?

LAUDATO: A wholesaling warehouse. They did a lot of that kind of work. They became self-sufficient in rice. They did have these beautifully productive rice basins. In central Luzon, there's the Bicol. There's two or three of them in the Visayas. You don't have so many of them in Mindanao. Mindanao is mostly upland agriculture, but again, good soils.

Q: What about the environment program? Was it started at that point?

LAUDATO: Oh yeah.

Q: What kinds of things were you doing?

LAUDATO: As I said, this trying to tie together what was happening in the Cordillera. That was very big. The Filipinos themselves had lots of environmental programs. I remember, they liked to tinker, the Filipinos. They are inventors. They have these big inventor fairs—loads of fun. They were working on—actually we were financing it

partially under the bases agreement—the development of gasifiers for transport. These little jitneys, these little buses, ran on a gasifier. It's still a fossil fuel, but it's farm scrap and stuff like that. We had a good environmental team at AID with Lawrence Ervin, who ran it, and Jerry Bisson, who is now mission director, I think, in Pakistan. He was a junior guy, an intern.

Q: He married a Filipina.

LAUDATO: Yeah, yeah. He was an intern at the time. The stuff the mission focused on was mostly the forestry and the fishing, those two aspects of the environment. We were pretty much out of industrial stuff. We had been big in industrial development in the 1960s, but as AID moved out of it, we moved out of it there, too.

Q: These days there is a big emphasis on Mindanao. What was the AID mission doing? Was there anything in particular in Mindanao at that time? Was there insurgency at that time?

LAUDATO: Yes, there has always been insurgency at some level. In Marawi City, where they just had the big battle, that's always been iffy. You could travel. We traveled a lot down in Mindanao. The mission was active in Mindanao. The Peace Corps was active in Mindanao. Again, as I mentioned, it was upland agriculture. There was a lot of plantation agriculture. Dole Pineapple is huge in Mindanao. Huge banana production comes out of Mindanao. It's all commercial. It's very commercial. It's poorer than the rice basins, but it's not abject poverty.

Q: Was this Communist insurgency, or more of an Islamic insurgency?

LAUDATO: A mix. The Philippines has always had the Huks in central Luzon. There has always been the New People's Party in the Philippines. So, at some level, insurgency has always been there. There was a beginning of some Islamic foment, not quite an insurgency yet, but certainly a foment, and that went all the way down to Zamboanga, that little peninsula that hangs off of Mindanao, pointing down towards Borneo.

Q: Interesting. Well, you told Fred you were going to take the job?

LAUDATO: Yes. I think again we just packed up and went directly back to Cairo and took our leave later. When I got there, Mike Stone was the director. By the time I left, I don't know if I mentioned this before, I had worked for every director and every ambassador there up until I left in 1988. Mike was there. He didn't last very long when I got there. He was kind of a fish out of water. Not that he was incompetent; he was a highly competent man. He went on to be the secretary of the Army after he left his job in Cairo. He was well connected in the administration. But running an AID program takes a special understanding of what you're doing. He never quite got it. He had been the president of Sterling Vineyards in California. It's a huge operation, one of the biggest wineries in the United States. A lovely man, a gentleman's gentleman, a lovely wife—the mission liked him. But I think he understood.

At the same time, John, this is when it became clear, I think, that we had to do something in Cairo. We could not keep the Egyptians as a client state much longer. We were giving them at least \$1 billion a year, sometimes \$1.2 billion, \$1.3 billion, in economic assistance. There was a military package that was even bigger than that. We began the dialogue saying, “Look, you guys have to do something. You have to get this economy moving. We can’t do it for you, and we can’t afford you.” Oh, the hemming and hawing that went on! Of course, they knew that ultimately we weren’t prepared to move in reducing the size of the program or anything as long as they were still a major supporter of the Israeli peace process. Again, we at least began to talk to them more forcefully about both policies at the sectoral level and at the macroeconomic level.

I will go into a couple of examples of that, but what really caused the equation to change was when the State Department, and this was Veliotos... Ambassador Nicholas Veliotos had left. Veliotos was there when I got back, and Wisner came out.

Q: Frank Wisner?

LAUDATO: Frank, yes, my old buddy from Vietnam. They wanted to give them cash. He said, “Why are we torturing ourselves like this? Politically, it’s not working.” I said, “Well, Frank, you just can’t give them cash because there is nobody who is going to give the Egyptians cash without any kind of conditionality on it.” The hemming and hawing that they wouldn’t go to the Egyptians and say, “We’ll give you cash. We’ll convert part of this program to cash, but here’s what you’ve got to do.” What happened? True story. I came back to Washington with Frank Kimball then Egypt’s Mission Director, and it was ...

Q: Back to Washington?

LAUDATO: Back to Washington on a consultancy. Peter McPherson now, you have to understand, was coming out to the mission every three or four weeks. We used to joke he was the desk officer for Egypt! Peter got very heavily involved in the program. He was also pushing, saying, “Look, if they want to move this into cash, we’ve got to get something. We cannot go to the Hill. It will be killed. We can’t go to the American people and say we’re just giving these guys cash. This isn’t Israel.”

We came back, and this is how the cash got moved. Frank said to me one day—it wasn’t on my planning—he said, “Come on. Let’s go up to the Hill. Let’s go talk to some of these guys about this cash.” We go up. I guess it’s probably not proper for me to say whom we talked to on the Hill, but a very highly placed staffer on the House Foreign Affairs authorization committee. This guy knew Egypt really, really well. We said, “There’s nothing we can do unless you guys are willing to put some report language in.” And we said, “The only way we move cash is”—and we just threw it out—“let’s just say, let’s tie it to the conditionality the IMF (International Monetary Fund) has put out there,” which was float the exchange rate, free up interest rates, look at your tariff regimes, and there was one other I can’t remember. That language found its way into the report

language. So we were then covered. We were totally covered. The Egyptians saw it. They went ballistic. But it was there already by the time the authorization bill passed and the report language came out.

We went back, and then we negotiated the first \$250 million cash transfer along the lines of that conditionality. We worked with the IMF and World Bank very closely to put in place the steps to get them there. It was a classic example of the Washington consensus at the time. This is the way these countries had to move. Obviously, that's been called into question a couple of times since. But Peter was very, very positive in this. He really carried weight. The interesting thing about working with Peter McPherson, you begin to understand the complexities of how Washington works. I remember Frank Kimball saying to me one day... We were having one of our regular arguments with the ambassador about something, and Kimball said to me, "I don't give a shit. He knows"—he being the ambassador—"that I talk to Peter every day, and he only talks to the assistant secretary. And Peter sees Schultz every morning, and his assistant secretary doesn't see Schultz every morning. So who do you think is going to come out on top in this little discussion?"

[Laughter]

LAUDATO: And it was true! That had a huge impact on the dynamic of how we could work with the embassy in a creative way to get a U.S. agenda pushed forward. Some of these agendas, if the politics is driving it, it becomes a medium-term to short-term agenda. If it's the development people, and in this case it was classic development, it has to have the longer time frame to implement it.

At the same time, we began to package more of the sectoral assistance along policy lines. One great story was the *[Transcriber note: World?]* World Bank. We were all working on the Shoubra El-Kheima power plant. The U.S. was going to take a big piece of the action. The Bank was going to take a piece.

Q: New construction?

LAUDATO: New construction. At that point, it was a 600-megawatt plant. So that's a big power plant, a couple of billion dollars. But it was all tied to a programmed increase in power rates to bring the cost of power up to its long-run marginal cost. That's a calculation you make to price your power. The input of the cost of the plant is the last plant you built. So it's the cost of your fuel, the cost of the last plant you built. That then gives you an algorithm that spins out a rate for the cost of a kilowatt of power. The Egyptians were on the stick to do this, to raise along this grade until they get up to full-blown long-run marginal costs. The Bank negotiated that. We were just, all kinds of kudos to the Bank! Good negotiating team. There was a guy named John Wall, a terrific economist—a young guy, but a really good economist.

With that, Peter says, "Okay, well, I'll come out. We'll sign up our piece of it." He comes out. In preparation, before we actually go to the signing ceremony, the prime minister has

a meeting in his conference room. The prime minister's office is right across the street from the AID building. So we all go walking over there into this old Louis Farouk kind of conference room. We had all of the principals up at the table. On our side, we had Wisner, McPherson, Kimball, and about two or three other people. On the other side, we had the prime minister, the Minister of Development Kamal Ganzouri, the Deputy Prime Minister Yousef Wali, the Minister of Power Maher Abaza.

Peter starts the conversation, "Well, we're really glad you were able to reach agreement with the Bank on tariff increases along the formula that gets you..." The Egyptians looked at him and said, "We didn't agree to that." Peter said, "Yes, you signed an agreement." They said, "No, no, we didn't," with this sort of innocence. The prime minister turned to Ganzouri, and he said, "You didn't sign anything." He said, "No, I didn't sign anything." Then he turned to the deputy prime minister. "No, no." Of course, what do the Americans do? Wisner is turning beet red. McPherson looks like a deer in the headlights. "Well, why did you guys bring me out?" Kimball turns around, and he says, "Go across the street, goddammit! Call Wall and find out what the hell is going on!"

I go across the street, run out. Now it's about 8:00 o'clock at night. The Egyptians always had these kinds of meetings at night, early evening. I get into our building. I get on the phone. I call back. It's late back here.

Q: You don't have cell phones either?

LAUDATO: No, no, you had to go back. But our offices were right across the street. I get John Wall on the line. I believe that I got him out of bed. He said, "George, we have a signed agreement. They did agree to it! I have no idea what's going on. You guys better back off. Don't sign anything." The whole visit crashed over this.

So we get back. About a month later, we find out what happened was, they did sign the agreement of course because John faxed us a copy of it. They signed it, and we had to sign the copy. They had signed it. Ganzouri had signed it. When the prime minister went to Mubarak and said, "Okay, here's what we've agreed to, and it seems to make sense." Mubarak looks at it and says, "Are you guys out of your mind? The last time we did this, and it was my predecessor, President Sadat, we got the bread riots. You don't do this in the middle of winter" because that has a cascading impact on energy down the line. It hits the poor hard, because propane gas and things like that are all economically interconnected. He was smart enough to put this... He said, "You do this in the middle of summer, when people aren't focused on it." So that's what they were reacting to. Later they said, "Oh, yeah, well there was some misunderstanding." Misunderstanding is a great word in Arabic! They finally came around, and we finally signed an agreement. The power plant did get built. They did, for that purpose, increase the energy prices to that schedule on the cost of the Shoubra l-Kheima power plant.

We got involved with a lot of very sectoral.... We made an even more significant breakthrough in agriculture. They really wanted to reform agriculture. They had worked with the United States for a long time—starting in the mid-1970s with a project with

University of California at Davis looking at agriculture policy. They knew what steps they had to take. They had to end the mandatory production requirements on the farmers. They had to end the provision of inputs and then the control of the products. Because you know what they did, they would provide the seed, provide the fertilizer, provide everything, and then force the farmers to grow long-staple cotton, buy the long-staple cotton at a really reduced price, and sell it in London at two to three times what they were paying the farmers for it. The difference was a tax. Basically, a tax on the farmer, and they kept that money. That was the foreign exchange they needed to run.

We started, and they said they were willing to free up the agriculture economy. We said, “Well, look. What we will do is, if you will commit yourself to these steps, we will capitalize the agricultural credit bank. But it has to go out then as just not supervised credit, but just plain credit at whatever interest rates you decide are appropriate. We would like a say in that. And they principally did that. They ended the provision of inputs, and they just turned that over to the private sector. It took a while. It took a year or two. Janna was working with them on it at that time, at the principal bank, on this project.

We made some real progress. I think if you look at what impact the AID program had, you know you have all of these macroeconomic impacts. Was it ever enough to get the Egyptians per capita growth they needed? Or as they were moving in the wrong direction, were they moving the policies in a direction that was cutting the impact of the negative aspects of the economy, but not enough to really spur growth? We do find, as they freed the economy up, a lot of private investment. Again, it’s one of these things, Americans we tend to look at foreign investment really as a matter of domestic investment. Domestically, they started to invest an awful lot in that economy.

There were also huge gains in public health. Joy Riggs Perla, just a couple of years ago, did that landmark study which looked at Egypt and said how much better things had gotten for maternal and child health and all of the basic indicators of a good solid health program. You look at education. Girls’ education, during the time the U.S. has been part of it, goes way up. Agriculture has been very productive. You have a much more vibrant private sector. But you still have in Egypt—and just the events of this week will show—the politics works against them. They have not been able to free up the country politically the same way they were able to free it up economically. When you free it up economically, but don’t follow with the political freedoms, it undercuts the impact of the economic. As I said, it was really interesting working there during that period. I really learned a lot about how this stuff works at the highest level, how the development work can impact on the political process. The Egyptians were good people to work with. Working with McPherson was really interesting, and people like Kimball. I learned a lot.

Q: Did McPherson keep coming out?

LAUDATO: Yeah, yeah, he loved it. And he loved Egyptians. The Egyptians, when I left Egypt the first time, they were just beginning to talk about this idea of oral rehydration. In the four years I was gone, the Egyptians adopted oral rehydration as a national

strategy. When I get back, you cannot convince any Egyptian that they didn't invent this idea!

[Laughter]

LAUDATO: This is an Egyptian invention!

Q: Oral rehydration therapy, ORT.

LAUDATO: ORT, yeah! Every corner, it seemed, had an oral rehydration therapy clinic. Salts were sold in all the private pharmacies, and there were loads of private pharmacies in Egypt they represent a huge part of the drug distribution in Egypt. It just became part of what they did. McPherson loved this project. We had put money into it. The Egyptians used to joke, "Administrator McPherson is coming? "Why? Is there an oral rehydration clinic he hasn't visited yet?" He would go and hold the babies as they became more animated. He just loved doing it. We always had a stop at an oral rehydration clinic when he was there. I liked working with him, and I really loved working with Kimball. Then Kimball left, and Buster Brown came. Buster continued the same sort of slightly tough approach to managing this program.

Q: How long was Buster there while you were there?

LAUDATO: Let's see, Buster and I overlapped about a year and a half.

Q: He hadn't been to a mission since he had been in Brazil, probably 20 years earlier?

LAUDATO: Right.

Q: What was happening? Were there programs outside of the cities?

LAUDATO: Oh, absolutely! We moved \$100 million every year through a program called "Development Decentralization," which basically built village-level infrastructure around participation models, really trying to revitalize the village elections, local elections, and that program was run by Chemonics International. They did a superb job on it. We just never had problems with a lot of corruption in that stuff. It moved pretty smoothly. Again, it was another one of these programs where we just moved the dollars to them and managed the pounds.

Q: Were they using host-country contracts?

LAUDATO: Yes, all host-country contracts. They were host-country, but they were also all local contractors. Early in the program, we used all host-country contracting. Even all the major U.S. technical assistance projects were under host-country contracts. You need to use those host-country contracts if you are building power plants and building water systems and sewage systems. It doesn't work having AID contracts. AID doesn't have

the capacity. And of course you open yourself up to all kinds of audit issues, which you don't have with host-country contracting. We used it both locally and with international.

Q: Who else was in the mission at that time while you were there the second time?

LAUDATO: The second time I was there, Jock Connelly. Jock was my deputy. Ray van Raalte, Don Presley. Lawrence Ervin came over from the Philippines to work on the environmental programs. Doug Tinsler was there.

Q: It was the largest staff in the AID world, right?

LAUDATO: You know, I became deputy director about a year after I got back. Since I was in operations, I had about 125 U.S. direct-hire, about 400-500 FSNs (Foreign Service Nationals), and well over 3,000 institutional contractors.

Q: Huge.

LAUDATO: Yeah, it's big.

Q: Where was the USAID office located at that point?

LAUDATO: When I was there, we were right downtown. As I said, we were right across the street from the prime minister's office. Our back was to the U.S. embassy. They were building the new embassy at the time.

Q: And you all lived in?

LAUDATO: At that point, we were living in Maadi because we had the kids in school.

Q: That's where the school was?

LAUDATO: Mmm hmm. The first time there, Janna and I lived Zamalek, which is the island in the river.

Q: Right. And there were no sort of uprisings or civil disobedience problems that affected the Americans?

LAUDATO: Oh, absolutely.

Q: There were?

LAUDATO: Yeah. Let's see, it would have been about 1984, they had huge riots. They called out the army. They were called the police riots, although it involved mostly young recruits. They just come boiling out of the slums and out of the training camps. They treat the recruits terribly. I remember, it started after we got to work in the morning, so the kids were already in school. Of course, everyone was worried about the kids. It started

out near Maadi, and there was a lot of fighting in Maadi. The school was very well organized though. They had collection points, and they worked with the Egyptian police. The police came and escorted the kids home. But we get a call from Mrs. Crowe. Paul Crowe was an economist and worked for me. She was coordinating this. She called us, and she said, “We haven’t been able to find Stephen.”

Q: Oh, my gosh!

LAUDATO: We couldn’t do anything. We were confined to the embassy. They brought all the Americans into the embassy. After about five hours later, they convoyed us, with a tank in front of us, to get to Maadi, and still we haven’t heard where Stephen was. We get to Maadi. They weren’t Abrams tanks at that point, they were the generation before, but there were tanks in the streets, like right on the main street, right by our house, there was a tank. We get out, and we go in. Anthony had gotten home. We had called the maid and said, “Go upstairs in the house. Roll down the shutters. Let the kids watch TV, and sit on the floor.” You know, because bullets could come through the window. There we found them sitting on the floor, and Stephen was there. We said, “So what happened?” Of course, Stephen was in preschool. He didn’t know. He said, “A nice man came to the school and took me to his house. I played with “Ahmed” or some little Arab boy. We were always watched by the government there, by the equivalent secret service there. They weren’t going to let anything happen to these kids. This guy went over, got Stephen, and took him to his house. We never found out who the guy was. The maid said, “He was an important man,” which meant he was tall, light-skinned, in a suit. She thought he was an “important” man. “He brought Stephen home and told me also to take him upstairs and sit on the floor.”

Q: Oh really?

LAUDATO: Yeah. And we never found out where he went to, whom this Good Samaritan was. Cairo has always had that sort of tension. You saw it in the Arab Spring. Again, so many images of the Arab Spring that I had from when I was back in AID, watching it unfold now on TV as I sat in my office in the Ronald Reagan Building with CNN broadcasting the Arab Spring live, recalling sitting on my balcony in Zamalek in 1977, and coming out in a convoy in 1984. It happens in that part of the world, and particularly in Egypt. Egypt is very homogeneous, but it still has class distinctions and the poverty distinctions. It can destabilize very quickly.

Q: Did you get over to the Sinai at all?

LAUDATO: Oh, sure! You could travel around the Sinai. I went all over the Sinai. Sinai got returned to Egypt when I was in Egypt the first time. We went down to Sharm El Sheikh, going skin-diving. I used to love to go over to St. Catherine’s on Mt. Sinai and the monasteries. They had this little tiny cathedral inside the monastery on the top of St. Catherine’s. It’s got this old cypress door that the Crusaders had carved images of the shields in it. It’s still there. Yeah, it’s beautiful, beautiful. You know, they’re Bedouins in the Sinai mostly. When they opened the Sinai, when the Israelis gave the Sinai back, the

first official Americans to go into El Harish, which is the city closest to the Israeli border, were Ann Fitzcharles, who was the food for peace officer from the AID mission, and Ashraf Rizk, who was an Egyptian working for CARE. The two of them went over. Ashraf is now chairman of the board of Chemonics, a really interesting development thinker. He and Ann went in as the first team to get some sense of what the demand was. Did they need food? Just to get some sense. I remember when they did it. Coming back, we all wanted to know what the Sinai was like because we had never been out there. Of course, it was Israeli when we first got there.

Q: So there was a food program?

LAUDATO: Yeah, yeah. We had Title I and Title II. Ann Fitzcharles was an interesting AID officer. She had run a 204 program in India, and she had like a thousand small food projects. It's a special provision under the Title II law that allows you to use dollars somehow that had been generated by that program for development projects.

Q: Oh yes. Okay.

LAUDATO: They brought her there, thinking she would be able to help them think through how they could begin to reach out to the villages and work on programs in the villages. That was a very interesting thing. We figured that out really quickly. This happened the first time I was in Egypt. Gus Schumacher from the World Bank really was trying to work with the Egyptians to get a village development program started, rural development. We were also, but we were working with Gus. Finally, the Egyptians told us, they said, "We don't want the Bank fooling around in the villages. You guys take this over and you guys run it." At that time, you needed a special card to go out to the villages.

Q: Really?

LAUDATO: Yeah, it was controlled, and there were checkpoints. What we found out was of course they were watching us, the Egyptians. They knew where we were, so they were much more comfortable with us running around doing something in the villages. They couldn't quite figure out what it was we wanted to do there, but they damn well weren't going to have these outsiders flying in, and then going out. I talked to Gus about this, years later, and he said, "Yeah, it was amazing, wasn't it? They just didn't want us there." I said, "No." In fact, I helped write that first program that was called "Development Decentralization I." Ann Fitzcharles and me, and John Blackton came out to help us write. We wrote this program up, and that became the basis for this huge program. When I got back the second time, we were moving \$100 million a year. A lot of village infrastructure.

Q: Such as what? Schools and clinics, and that sort of thing?

LAUDATO: Water systems were big. Drainage systems were big. Schools, although we didn't run the schools under this. We had a special school construction program,

irrigation programs, basic village-level infrastructure. We ran it in a system that put the elected village people at the center of the process of the signing. It worked pretty well. It worked very creatively with the governors. We got the governors very involved and had them putting money in. Many of them were really good at being able to really step up. A lot of the governors were military guys, and they really didn't care much about development. But, every once in a while, they would get these young technocrats in who really wanted to do things. They were great fun to work with.

Q: So you really had enough money in Egypt, it seems, to really run national programs? You should have made extraordinary impacts.

LAUDATO: Yeah, yeah.

Q: The Egyptians staffed all of these buildings and all these systems you were building? There was no problem with that?

LAUDATO: No, there was no problem.

Q: They were all operational?

LAUDATO: Yeah, yeah. Occasionally, you would get something that didn't work in something that size. Very often, it was a cultural issue.

Q: And these programs are all throughout the country?

LAUDATO: Yes, from Aswan to Alexandria. Sinai had a big decentralization program, for example. Don Tinsler spent a lot of time out in the Sinai. Egypt is a very easy country to get around. I mean it's right there on the Nile. Everything is close. Everything is urban or peri-urban. There's very few rural villages that you can't see the next village from. Telecommunications is easy. Roads are somewhat easier. There is a central trunk line rail line. We also did national rail systems. We did the whole signal technology for the national rail system. We did everything in that country.

Q: Is there anything you wish you could have done that wasn't done, in retrospect?

LAUDATO: Well, you know, again, I sort of ebb and flow on this. We never had the political clout commensurate with the amount of money we were spending because we had this deal with Israel hanging over our heads. While the Egyptians would go really far, they would never take that final step. Now there's a lot of talk about governance, good governance, where development goes over into politics. Theoretically, spending that much money, we should have been able to really hold their feet to the fire on opening up politically, which we never did. Democracy programs never worked there. When I came back into government at the end of my career, after I left Abt Associates, I would go out and talk to the Egyptians. Of course, in the Obama Administration, everybody was enamored with building democratic institutions. I sat there one day in a big conference. Here I am, the assistant administrator in from Washington. I see all these fresh young

faces of local NGOs (nongovernmental organizations) working there. I said, “Does any of this stuff really work, or are we just wasting our time on this kind of program.” It was amazing how straightforward they were.

Q: Really?

LAUDATO: Yeah. Some of it does work, but not much of it works. That always sort of gave you a program where the totality of the impact was probably less than the sum of the parts, because of that fatal flaw, the inability to address the political issue which underpinned many of the development issues, and that was rent-seeking by the privileged few. Egypt was the party—the NDP (National Democratic Party), the military, and the bureaucracy. The original design, under Arab socialism, was that those three institutions would run the place, and you—the poorer person, the nonparticipant in one of those three—we will give you everything. We will subsidize your food. We will subsidize education through the university system. We will guarantee a job. We will guarantee an apartment for every kid that gets married. It was a cradle-to-grave, almost Fabian socialist model. What happened, of course, is by the time Sadat goes to Israel, he says, “I have to open this place up because we can no longer afford to run this old socialist model.” But they never quite were able to get away from the rent-seeking quality of it.

For example, we noticed that in the mid-1980s where they had opened a lot of the agriculture. We couldn’t figure out why certain laws were sacrosanct, and why they couldn’t liberalize certain things. We discovered, for example, they wouldn’t liberalize the cost of, or they wouldn’t free up to a market rate, the cost of cattle feed. It was because all of the military guys that were getting out of the military were going into the private sector, and they were opening up these cattle-fattening businesses. They had the new lands. The government had provided water for them. So they could, for almost nothing, get a big piece of land. Virtually anybody could. And they would put in these cattle-fattening operations. They were economic to the extent they had subsidized feed. And they were important enough because they were all ex-military running them. We’d say, “Wait a second!” Then somebody puts it all together. It’s just another example. We see it here in the United States, that kind of rent-seeking that goes on.

Q: Four years, and that makes a total of eight years you’ve been in Egypt?

LAUDATO: Between both stints, we were there almost nine years.

Q: And what happened then?

LAUDATO: Well, I had a serious problem with the IG (Inspector General). They came after me. It was unbelievable. They showed up one day, and they said, “We have proof that...” My wife was working at the Principal Bank for Agriculture, and that was a model that was again opening, freeing up. The one thing Kimball said, “I’m not going to build another extension service. The U.S. has built (bleeping) extension services all over the world and none of them ever worked.” He turned to Janna, and he said, “Give me some data on how we can do this through the banking system,” which she did. The IG

came after me, and they said I influenced Kimball's decision on that to benefit my wife. Now, she didn't get any material benefit from it. But they came after me in a very serious way.

Finally, Kimball left. Buster was there. He said, "Geezus, George, I don't believe that they have a case, but they're not going to give on it." I said, "Look. I think I have to leave here. I can't work with this over my head." The agency however was very protective of me. They said, "Yeah, come on back." That's when I went to PPC (Program and Policy Coordination). They gave me the deputy job in PPC. But the IG stayed on me, to depositions and everything else, and they were going to send the case to Justice to the prosecution.

Finally, this is very current, this story. I saw Don Presley, who is an excellent lawyer. I said, "Don, who do I go to?" He said, "Bob Bell. He's a fabulous ethics lawyer. Let me call him. He used to be AID. Let me call him." Bob said, "I can't do it. I represent the agency on other things. It would be a conflict of interest. But if you want the best ethics lawyer in this town, I would go to John Dowd." John Dowd is now President Trump's lawyer.

I walk over to Thomas Jefferson Street in Georgetown and go up to see John Dowd. He was at Akin and Gump at time, I think. He said, "Bring me all the material. I'll take the case. This doesn't sound right. Something's wrong here."

I bring everything I had, all the depositions and everything else. He reads through it. He says, "There's no merit. I have no idea what they think they are doing." There was one guy in the IG office. I guess something had happened that his wife had wanted a job, and she didn't get it at the mission. I had nothing to do with that, but he just took this on, and he pushed it along. Herbert Beckington was the...

Q: He was the head of the IG?

LAUDATO: Yeah. Finally, John Dowd got to the Justice Department. He went over and saw them. They had a look at the case, and they said, "This case has no merit." The Justice Department sent it back to AID and said, "We don't know what you guys are doing. There's no illegality here." It still cost me \$50,000 in legal fees.

Q: Oh, my goodness! And a lot of heartache!

LAUDATO: A lot of heartache. I have to say the agency really stood up for me and didn't let the IG bully me. In fact, the fellow who pushed this, I think, finally lost his job with the IG. They farmed him out somewhere. I don't know what happened, but he disappeared. When I retired the first time, I remember I went up to see Brian Atwood to say goodbye. I walked in, and he said, "Sit down. I just want to talk with you about something." That's what he wanted to talk about, the IG.

Q: Really?

LAUDATO: He said, “I never knew this happened, George. I’m so sorry. God, what they did to you!” I said, “Yeah, but Brian, on the other hand, the agency really stood up for me. That’s something for you to remember. This is going to happen again as long as you have this kind of adversarial relationship with the IG.” I said, “You have to make your own independent judgment about what’s right and what’s wrong.” But that’s why I left. I came back, and I took the job at Policy. Rich Bissell was there at the time—a wonderful man, wonderful intellect.

Q: A relatively young guy?

LAUDATO: Yeah. Just the kind of guy you can go in and sit and talk about development issues with. He loved to do that. And that’s where I met your wife, Nancy.

Q: What was your job at PPC?

LAUDATO: I was the deputy.

Q: For Rich?

LAUDATO: For Rich. Yeah. Of course, that changes also because Rich leaves, because we have the switch from Reagan to Bush. The new boss came in, and he was really much more difficult to deal with. Reggie Brown. We got a cast of political characters, our political minders that came in at the same time. They were much more difficult to deal with. But it was an interesting job nonetheless because I did get to work on my first real experience with the National Security Council (NSC) on mixed credits. Marc Edelman, who was the deputy administrator at the time, sort of gave me that portfolio. That didn’t sit well with my boss in PPC because we had different views on mixed credit. I really realize, and you can see it within the current administration, that within one administration you can have really different views on an issue.

The power brokers at the time really believed that free and open trade was good for the U.S. and good for development. You had people like Richard Darman, Robert Zoellick at E (Bureau of Economic and Business Affairs) at State, and Carla Hill at Trade. There were a lot of people who really believed in this trade, but there was also a huge undercurrent of people who really wanted to help out American businesses by utilizing economic assistance. That created a lot of tension, and that tension was very, very real in PPC when I was there. I was on the wrong side of that issue from the PPC guys’ position. That was why Marc took me to the meetings, the National Security Council (NSC) meetings, because he was on the side of Darman and those guys. I sat second chair.

It finally got pretty bad, and I realized I would have to look for something else. It was a good staff in PPC, so there were lots of great people to work with. But at that point, Fred Schieck is back now. I never knew if Fred set me up on this or what, but he calls me up, and he says, “Oh, George, give me a hand here. You have such fabulous contacts in this agency. I need to find somebody who can go to Nicaragua because we’re almost sure the

Sandinistas are going to be voted out of power in the next election. I need someone down there right away who can operate on their own and set up the structures because the minute they're out of office, the White House is going to start calling up and saying, why aren't you moving money faster to help out that new government?" And he said, "So I really need you to put your thinking cap on." I think he knew because I had talked to him about not being very happy with the job I was currently at. I said, "Well, what about me?" He said, "No. You would have to be able to speak Spanish. You don't speak Spanish, do you?" I said, "Fred, I was a Peace Corps volunteer for three years in Panama. I think I can speak Spanish enough to set up an AID program." He said, "Oh, would you go?" I said, "Sure!" I went and told Reggie, I said, "I'm taking this."

Just as I'm doing this, however—one day, bouncing, literally bouncing, into my office comes this very attractive young woman, redhead, and she puts out her hand. She said, "Hi. I'm Henrietta Holsman. Everybody..." and I think everybody at this point was Rich Bissell, but I'm not sure. She said, "I'm going to be the new head of the private enterprise bureau, and everybody tells me that you should be my deputy!" I said, "Sit down, Ms. Holsman. Listen, first of all, I don't really know that much about the private sector. I've been a bureaucrat my whole life." She said, "Oh, that's okay. I know lots about it. I own factories. I run factories. I know how the private sector works. But you know the government, and I don't know the government." "Secondly," I said, "I just committed myself to go to Nicaragua to open this up." She said, "Oh, that's okay. I'll wait. I'll wait until your back. So it's a deal, right?" *[Laughter]*

Q: She thought you were going for a short-term visit?

LAUDATO: Yeah, well I was. I had committed myself to a couple months, just to get it up.

Q: Oh, just a couple of months?

LAUDATO: Until the elections occurred, we got the initial money moving, and a permanent director could come down. I go down. We got the thing set up. I only had a couple of people with me. I had Roger Noriega, who was just a little "go-fer" at the time, and of course went on to become the ambassador to the OAS (Organization of American States), a nice young man. We had a great time, a lot of fun together setting this thing up. We got there. The ambassador was Harry Shlaudeman, one of the grand ambassadors. He was well into his 70s by the time I got there. I remember the first meeting. He said, "Look, you know the business. I don't know AID. I've worked with AID a lot. I respect the AID folks. They know what they're doing. You know what we have to do, just do it. You don't have to wait for me on any of this stuff. If I thought that, you wouldn't be here." Fine. So we set up the whole structure while the Sandinistas were still in power. We couldn't talk to anybody in the government. Nobody would talk to us.

Q: But the elections had already occurred?

LAUDATO: They were occurring. The elections occurred and the UNO (National Opposition Union) Coalition won. We moved \$60 million in 90 days. We recapitalized the central bank in part. We restocked the supply chain on medicines. We changed all the textbooks in the schools. We set up a big technical assistance program to help the private sector banking system reestablish itself. While I was doing that, my officemate, or the office next to me in PPC, calls up. It's Janet Ballantyne, and she said, "I'm coming down as the permanent director." I said, "That's great." I knew Janet was a really good economist. So we started calling every day and coordinating. She would said, "No, no, I think it would probably be better if you did it this way, George." I said, "Okay, let me check." I had a good time. It was an interesting time, a tough time. The Sandinistas were tough people.

They gave me a house as soon as I got down there, on Ho Chi Minh Street. I had Sandinistas on one side. They had these balmy tropical nights and we'd be sitting out. An AK-47 would appear. They would fire a couple of blasts over my yard, just to let us know they were there! Things actually went pretty smoothly. Then I came back, and Janet went down.

Q: You had been there for two months or so?

LAUDATO: Oh, I was there about four months. I came back, and Janet went down. We had the thing up and running. Then I came back and started working as the deputy in the private enterprise bureau. Almost immediately, I guess this was also in the works and I guess maybe I was part of the deal, I didn't realize it at the time—but they asked Henrietta to take over also Asia. So we became the Asia and the private enterprise bureau. Of course, I had the background in Asia, having been in the Philippines and Vietnam. I did that. I stayed on and just did the things a DAA (deputy assistant administrator) does when you are running a big regional bureau. We had the regional bureau, and we had housing. We had the development credit authority under us. There were lots of interesting instruments in that bureau. We got to deal with legends like Peter Kim and Mike Kitay, who designed the development credit programs.

Of course, the new elections occurred. That would have been Clinton. Margaret Carpenter became the assistant administrator. I got on really well with Margaret. That also coincides with _merging the Asia and Middle East bureaus.

I remember, Linda Morris was running the office for Southeast Asia. I said to Margaret, "Make her a deputy assistant administrator. We give her the Asia stuff. She's a lot younger than me, therefore she can handle that 33 hour trip to Indonesia. I'll take the Middle East because I know the Middle East, and Margaret you don't know the Middle East." Margaret was married to Chaz Freeman, who had been ambassador to Saudi Arabia, ambassador to China, ambassador to everything, deputy assistant secretary. She had a lot of political savvy. She had also been the head of White House personnel for all that foreign service stuff.

That occurs just as the Oslo Agreements begin to spin out, so I got very heavily involved in the whole economic aspect of what transpired after the Oslo Agreements. Of course, I bring to this my knowledge of the Middle East. I spent a lot of time in Jordan, Israel, and the West Bank. I worked on those programs, and then in 1995-96, Brian Atwood was the administrator. Remember they had that law, if you hadn't been promoted by a certain time

Q: You got ticked out?

LAUDATO: You got ticked out. So, I got ticked out.

Q: Join the crowd!

LAUDATO: I got ticked out, but it was really funny because we were literally in a negotiating session in the State Department with the Palestinians and the Israelis. Margaret and I are sitting there. A woman comes in and says, "Mr. Laudato." I said, "Yes." "There's somebody outside who needs to see you immediately." I walk out. It was Bob McDonald, and Bob gives me the letter. I said, "Thank you, Bob." I go back in. He said "Don't you want to talk about it?" I said, "I don't see what there is to talk about. Besides I've got work to do." I walk back in, and I hand Margaret a note. It said, "I've just been fired." She said, "They can't do that." I said, "They can do it. They're going to do it. Don't worry about it." So I left just as things were really beginning to heat up. I worked on it for at least two years, on the Oslo stuff, and I was able to, I think, fine-tune my sense about the whole Palestinian issue, which later served me pretty well.

I left, and I consulted. I did a lot of consulting.

Q: Before we get to that, what was happening with the Oslo negotiations that you were pleased about?

LAUDATO: We were looking at, as always, the processes. We were going to give them money, first of all. So can we use the way the money is given as a way of bolstering the quality of the Palestinian institutions so they can begin to function more like a government? The theory, of course, straight up through Salam Fayyad, was that if you act like a government, you will become a government. That didn't prove to be true, unfortunately, because the Israelis were not about to let you become a government. But, still, you were working with some Palestinians who were really devoted to the concepts of good development. I remember, even after I left and was working at Abt Associates, we were working on a health program. One of the Economists that worked for your wife, went out to help the Palestinians structure some kind of a system in the ministry of health. I ran into her at the hotel in Tel Aviv. We were talking, and she said to me, "George, these people are fabulous. They're better than the Mexicans I worked with. They really know what they're doing. They know what they want to get to." Again, you got to work with some really interesting people with the Palestinians.

Q: Whom were you negotiating with in those days, back in Washington?

LAUDATO: The Palestinians would come in with their team, so you had the usual—Saeb Erekat and that whole crew. The Israelis would be there. You had Dennis Ross, Aaron Miller, Jake Waller -- they were the office of the special assistant. Then you had NEA (Near Eastern Affairs). Everybody had a little stake in this. We did the economic stuff. The AID folks did the moving of the money.

Q: How much were you promising, or were we promising?

LAUDATO: About \$400 million a year, anywhere between \$225 to \$400 million. It depended on the year and the state of the negotiations. That I think survived. It's still at least \$200 million something. Congress lets it move. My history of working with the Palestinians starts there, stays with Abt, and then when I come back in to head up the Middle East, it was between Iraq and the Palestinians. That's all I really did.

This theme about moving money into the Palestinian accounts—always a tricky issue.

Q: Yes!

LAUDATO: It has political implications. When I came back into the government the last time, under Bush and then under Obama, I was going over to the State Department. We were going to do a three-part press conference—Secretary Clinton and myself and Salam Fayyad, the prime minister. I'm getting ready to leave the AID building. I turn around, and I say "Wait, let's go back. I'm missing something." We walk back up. I see Sara Borodin the Palestinian desk officer, a brilliant young woman. I said, "Sara, where is that paper that outlines exactly how this money moves from the time we issue the check to the time we write it off and it's in the Palestinian account?" She said, "George, the press will never ask you about that. They don't understand it." I said, "Sara, it's not the press I'm worried about. I'm worried about Mrs. Clinton. Mrs. Clinton is a lawyer, and she is a smart lawyer! She reads everything we send over to her. There were references to this, and she is going to ask!"

We walk in. We sit down in Hillary's office, just Jeff Feltman and I. Jeff is the assistant secretary for NEA. The secretary says, "Well, this should be fairly straightforward. Are there any issues, Jeff, political issues that you think will absolutely come up. He said, "Yeah, three things. He tells her. Secretary Clinton then says, "There is one thing I'm not clear on, how does that money move, that cash?" Jeff tries to explain. The Secretary was really nice to deal with. She is a nice person. She sat there, and finally she looked at me, and she said, "Jeff, let's let George try to explain it." Of course, I had read the paper in the cab coming over, so I just "boop boop boop" all the talking points. She took a few notes, and she said, "Thanks, that's all I need. Okay, let's go." We got up and went down into the pressroom. We had our conference down there.

That always was an issue. We had to move it to a Thai bank in Bangkok. The Thai bank would transfer it to the Bank of Israel in Tel Aviv, and then the Israelis would transfer it to a Palestinian account that was owned by the government in Palestine. If somebody

wanted to put a legal lien against it, they wouldn't be able to do it here in the U.S. courts. They always worried that at some point that was going to happen. Some group would say "terrorism" or that kind of thing. So I faced that issue any number of times over those years working on this stuff.

Q: You had never lived in Tel Aviv. Had you been there?

LAUDATO: I have never lived there, but I spent a lot of time there. It's a nice city.

Q: It's where the AID mission was?

LAUDATO: The AID mission is in Tel Aviv, yeah. It's right there, almost on the beach. Tel Aviv is a beach town. It's got beautiful beaches.

Q: I know this is a bit bifurcated. We'll come back to these issues when we get to your post-retirement phases. Did you try to find political support to get around Bob McDonald's edict?

LAUDATO: No. No. Fatalistic. I said, "You know, things happen."

Q: How much time did he give you?

LAUDATO: I didn't have much time at all. I was out of there within weeks. Just packed my bag, emptied my desk.

Q: I got a phone call the same way. Peter Bloom, who I interviewed yesterday, got a similar phone call.

LAUDATO: A lot of us did!

Q: More than a hundred.

LAUDATO: Yeah. You know, that was one of things that worried me. Janet Ballantyne first came back into the government at the end here too, and they gave her the job of the DLI (Development Leadership Initiative). One of the things Janet and I talked about was, were there going to be enough mentors for these people coming in? They can be the smartest people in the world, but without a good, solid mentoring process, it's really kind of tough for a lot of these younger people.

Q: As you realized you were going to be dropped from the agency's roles, what were your options? What were you thinking about?

LAUDATO: I thought I would hunt around, see if I could do a little bit of consulting.

Q: How old were you at that point? And what year was that?

LAUDATO: Let me see. I was about 60.

Q: Sixty. So you had a career of how many years?

LAUDATO: I started in Peace Corps in 1963. This was 1996.

Q: Thirty-three years of government service?

LAUDATO: Yeah. I got job offers right away. I know so many of these people over the years. That's how I met Abt Associates. A woman who ran one of these big evaluation firms called me up. I think it may have been Nancy (*Pielemeier*) who put her on to me. She asked me to head up a large evaluation team in the former Soviet Union to look at the Health Reform work sponsored by USAID I agreed to do the job"

Q: The Zdrav Reform Program?

LAUDATO: The health program in the former Soviet Union. It operated in Russia, Ukraine, Moldova, and all of the 'stans.

We went out. I had doctors, economists. We spent nine, ten weeks evaluating this huge, mammoth project. That's where I got to know Abt. This was an Abt program. I went out, and I remember meeting your wife and meeting Stephanie and talking to them about it. It came out well. It was a good program. I remember coming back and talking to Don Presley, who was the DAA at the time for Russia, talking about the political impact of the program. He said, "Geezus, that's really interesting. Would you be willing to go up on the Hill and talk about this to some of the committees, about the political impact this kind of program is having?" I said, "Sure, I would be happy to."

After that, it got out that I was around, consulting. Then Ron Greenberg called me and said, "Would you come to Lithuania for two months and help out here? We need to do some strategic planning." I went out and did that. He said, "Could you come back in like four months and run the mission for a couple of months for me because I want to get married." I said, "Sure." Then Howard Handler, who was in Latvia, called me up one day and said, "What are you doing working for Greenberg? Come up and work for me here in Latvia." So I finished up, and then I went out to Latvia. Then I went off to Romania and did some work with Peter La Pera. Then I went off to Croatia and worked with Chuck Aanenson. I was kicking around doing that. I was having a great time.

Q: What were these programs like?

LAUDATO: It was that classic model that Carol Adelman sort of developed. You had a series of projects that were managed by Washington, and you could pick off the shelf whatever you wanted. You never got quite perfect fit, and you never quite got a strategic approach out of that kind of mixing and matching off the shelf products. The programs were designed for an overarching regional strategy, but they didn't necessarily... because Croatia is obviously a far different country than Latvia. They were always having trouble

trying to present what they were doing—this makes sense, this doesn't make sense. I did a lot of that kind of work. It was fun. They had some very bright people working out there.

The my wife finally said to me, "This has to stop. You didn't retire to go running off all over the world and leave me sitting here with these kids."

Q: They were how old at that point?

LAUDATO: Well, let's see. They were in high school. I remember Stephen saying to me one day, "You know, Dad, a lot of my friends think it's really weird that you don't work and you stay at home." I said, "That's okay, Stephen, because I think a lot of your friends are weird."

[Laughter]

LAUDATO: That's what Janna said! She said, "Stephanie Wilson called. You get your butt up to Abt and talk to Stephanie." Janna knew Abt because she had been at Booz Allen and at Chemonics International. She said, "You'll like Abt. They have lots of really smart people they keep on staff. It's a very intellectual atmosphere. You'll enjoy it." I went up, and I talked to Stephanie. I spent the next 10 years at Abt Associates.

Q: What years were those?

LAUDATO: Gee, that was 1997 to 2007. That was working on health. I really enjoyed working on health. Enjoyed learning about health. Going to work at Abt was exactly what my wife said it was. You got to talk to people like Nancy Pielemeier, Sara Bennett, Marty Makinen, and any one of these people could be teaching the course at the university. You had this level of learning that was constantly going on.

Q: Mostly about health system strengthening?

LAUDATO: Health system strengthening. But even more, to strengthen a health system, you really have to understand the science of health. It had a lot of just absolute learning. I remember talking to Charlotte Layton a lot about maternal and child health. How it works, why it works, and why it doesn't. It was always a wonderful learning experience. Barbara O'Hanlon on population issues and family planning issues. It was always great fun, and I enjoyed it.

But in 2007 I was down getting my license renewed in the District of Columbia. As you know...

Q: It's a long process!

LAUDATO: It's a long process. It was like the middle of the summer. I'm standing there in a pair of sandals, shorts and a t-shirt waiting in the line. I get a call. It says, "Mr.

Laudato, this is the White House calling. Could you take a call from the deputy secretary of State? I said, "Yes, but why is the White House calling if it's from the deputy secretary of State? There's this little giggle on the other end. The woman says, "I think she probably wants to offer you a job." I said, "Oh, thank you. I'll be at this number. I'm in the DMV (Department of Motor Vehicles) line, so I'm going to be here for quite some time." And I get this call from Henrietta again. She calls me up, and she said, "Where are you?" I said, "I'm right down the street from you." She said, "Oh, can you come up after you get your license?" I said, "No, I can't. I'm not dressed to come to the State Department. I can come by later in the week." She said, "Well, look. I really, really need to talk to you about coming back to work. I'm really desperate. I really need some people, particularly at the level you would come back in. They've given me almost an impossible situation here." So, I went in, and I said, "Henrietta, I just can't up and leave Abt. It's a lot of responsibility. What do you want me to do?" She said, "Well, you do almost anything you want. I need people all over the place. But the thing I need most right now is, I need somebody who can come in a senior level and work with the State Department and with the NSC, DOD, and others on the Middle East." Because, of course, right then Iraq was active.

Q: The invasion had occurred?

LAUDATO: Yes, it occurred when I was at Abt because we won that first big health project in Iraq. I said, "That's probably the one job I would come back for." So I went up, and I talked to Abt people and said, "I'm leaving." I talked to Tessie. Tessie wanted me out by that point anyway.

Q: What's Tessie's last name?

LAUDATO: San Martin. I think Tessie was beginning to feel her need for more control. But that was fine. That's the way organizations work. I said, "Look, Tessie, I'm going to go." I went down and literally left Abt. The following week, I was at AID. Henrietta said, "We can get you confirmed." I said, "Don't. You've got 18 months left. Why not, instead of going for confirmation, make me a special assistant to the administrator for the Middle East, and then confer the portfolio on me. That way you avoid having to get the nomination process. She said, "We can do that?" I said, "You can do that." That's what she did. I stayed, and then of course the administration changed. President Obama came in. Raj came in.

Q: Raj Shah.

LAUDATO: Raj Shah. Raj came almost the first week I was...

Q: It took a while for him to come in, almost a year?

LAUDATO: Yeah. In the interim, the inmates were running the institution.

Q: Right!

LAUDATO: Raj said to me, “Look, as long as they let me keep you, I would just as soon have you here. You obviously know the Middle East.” Basically, what he was saying, “I’m not really that interested in the Middle East. I’m interested in Africa, in sub-Saharan Africa. Having somebody like you who protects the agency and protects me on the Middle East is really valuable to me. You obviously know how to handle the politics of it.” So I stayed on. I was on with Raj another three and a half, almost four years.

Q: Oh, my goodness. For a total of what, five or six?

LAUDATO: Five. Then I retired again. During that period, we had the Arab Spring. We had the war in Iraq. I went out on a couple of senior missions to Iraq.

The Arab Spring and the machinations that went on in the U.S. government at the NSC, gave me an interesting insight into how U.S. policy toward the Middle East was being developed. I became really aware of how much foreign policy is determined by the appearance here in the United States, of how the administration wants to appear to the public here. Very often, the decision of what’s the best place for the U.S. to be is secondary to how the president appears or how some major official appears. There was always a tension over that.

They had these very strong personalities at the NSC. You had Gayle Smith, Samantha Powers, Tony Blinken, Ben Rhodes, President Obama’s speechwriter. These were really strong people. John Brennan, who later became head of the NSC, who at that point was CIA (Central Intelligence Agency). It was really interesting. I got to work on all the Middle East issues there because I went over and represented AID. I never did a principals’, but I did all the deputy meetings.

Q: Let me ask you about a controversial decision on the U.S. part in Iraq. I don’t have the proper names, but when we sent out the sort of coalition government, the replacement government, and it was decided to de-Ba’athize, or whatever the proper term is.

LAUDATO: De-Ba’athification.

Q: De-Ba’athification. There was a plan, I understand, that had been prepared by the State Department on how to deal with reconstruction and development in Iraq that was not accepted by the White House. Were you part of that at all?

LAUDATO: No. Because I was at Abt when those decisions went down.

Q: Okay.

LAUDATO: Our first contact with that decision though was the health ministry. When we bid that project, they had a health guy who was at AID who was terrific and really knew his stuff.

Q: An Iraqi?

LAUDATO: No, an American. He was replaced because he didn't have the proper credentials on abortion. Why that would have anything to do with Iraq? We couldn't understand it. He would have been one of the leading lights of the reconstruction effort. The Administration brought in a person who knew nothing about health and had no overseas experience. He was a guy who had been head of the social security operation in Wisconsin. They had that strong Republican governor from Wisconsin at the time. He knew nothing about health. But he was part of this group that came in. De-Ba'athification occurred.

Q: This was Tommy Thompson?

LAUDATO: He was a friend of Tommy Thompson's, yeah. They had no sense of what they were doing. It was chaos. It was a classic mistake. Again, that's what I'm talking about, John. Those kinds of decisions are made for domestic political reasons. Not because anybody sat down and said, "Let's look at the history. How did we do this in Germany? How did we do it in Japan? How did we do it wherever we've been?"

I remember Chaz Freeman, Margaret Carpenter's husband, telling me that was exactly what was going to happen. This was before the troops went in. He said, "You're going to send troops in. It's going to be a disaster." I said, "Chaz, are you kidding me? He said, "No, it's going to be a disaster, George. This was in my kitchen. I was cooking. His wife was inside talking to Janna. He said, "Iraq is filled with internecine warfare. There are the confessional groups—the Sunni, the Shia, the Christians, the Shia Shabaks, the Mandeans, all of these groups, they're all at one another's throats. He said, "So you have that. Then you have the Ba'athists and the non-Ba'athists. You have the Kurds also. Then you have the tribes. Some of these tribes will have both Shia and Sunni in them. And then you have the families. Once the yoke of Saddam is lifted off of them they are going to start fighting with one another, and it's going to be pure chaos. I don't see anybody in this current crew that's going in who has any understanding of Iraq or what it means to set up a provisional government." He made the point, it was best to keep as much of what you could in place. You didn't have to do it in perpetuity. You could have done it and phased it out over a period of time as you trained up new people, but they didn't do that.

Q: He was retired by that time? He was not an option?

LAUDATO: No. At that point, I think, he had been nominated, under Obama, to be the senior guy for intelligence.

Q: Oh, the whole intelligence system?

LAUDATO: Yeah, yeah. He was knocked out of that job because he ran into AIPAC (American Israel Public Affairs Committee). He wasn't considered friendly enough toward Israel. But he had a wonderful career. He was ambassador everywhere—China, Saudi Arabia. He spoke all kinds of languages.

Q: So you've met and known a whole host of interesting people. Again, going back to your last work, did Henrietta stay on?

LAUDATO: Henrietta stayed on to the end of Bush. Then they broke up that structure with the deputy secretary. But they didn't really, because Jack Lew titularly had that portfolio. But they brought an AID administrator in.

Q: You were still director essentially, or acting as AA (assistant administrator) for the Middle East?

LAUDATO: For the Middle East, yes—for all those years.

Q: And you reported to?

LAUDATO: The administrator. When he wasn't around, to Jack Lew, who was the deputy secretary for management and resources.

Q: Who were your key assistants? People in the AID program who were helpful in carrying out those programs? Any names?

LAUDATO: There was a good crew working on the Middle East. Sara Borden, who was the Israel-Palestinian desk officer. Ricky Gold was the office director for Middle East. Kevin Brownawell, who was the head of the program office. Tom Staal, who was both office director for Iraq and then Iraq mission director. Chris Crowley, who was mission director in Iraq. Hilda "Bambi" Arellano—she was mission director in Egypt for a while, then back as the counselor. She had a real interest in the Middle East and was a real ally and help to me. Rebecca Maestri, who was my management officer and actually a good program officer, too. Jim Beaver, who helped me out immensely. There were lots of good, highly qualified, competent people. I always found the AID folks to be just really good. Most of them really knew their stuff and worked hard.

Q: What pushed you back to retirement?

LAUDATO: I think age, and also they finally did get.... They couldn't get the political person they wanted for the Middle East. They couldn't get that person through the Hill. They finally were able to do that. I don't think Raj was terribly pleased. Raj did not work well with this person. This person only lasted about six months after they got the job. But when they finally got somebody confirmed after years of trying, I knew Raj would probably say, "Oh, stay around. There's something you can do for me." But I was ready to go. I went back to do the Middle East. That's what I wanted to do. That's what I was doing. I did well, and I enjoyed doing it. I got to travel out to the Middle East a lot. Those are easy flights.

Q: Did they give you a going-away party?

LAUDATO: Oh yes! I've had so many going-away parties. I try to avoid them. I hate them. But you never can get away from them, so you just grin and bear them.

Q: What year was that now?

LAUDATO: Let's see, I finished up in 2011.

Q: At that point, did you say, "I'm really retiring" or "I'm going to do some other things"?

LAUDATO: I was thinking about really retiring, but the minute I was out, the first call came from Seton Hall. I had already been on the board. I got permission from the agency to on the board of the school of diplomacy at Seton Hall. They called me and said, "Would you chair the board, if you have the time now?" So I took that job, which was interesting.

I got a call from Janet Ballantyne. She said, "Could you do me a favor?" I just hate it when people start a conversation this way! I said, "What?" She said, "I committed to give a speech at Arizona State University (ASU). I can't do it. I just can't think of anybody who would be better than you because it's going to be mostly Vietnamese there, from the ministry of education. I said, "Okay, I'll go do it." It wasn't a paid thing. It was just a favor to a friend.

So I traipse out to Arizona. On the way out,, I remember dredging up about four or five minutes of Vietnamese I still could speak with hitting all the tones right. I opened this speech in Vietnamese, and I could just see the expressions. These were people who were young enough to be my kids. They were junior and mid-level ministry of education officials. Like, "Who is this old white man speaking Vietnamese?" That's how I got to know Arizona. And they said, "Look, we're really interested in expanding our role and function in Washington. We really think you could contribute a lot to it. I went to work for them on a retainer basis. I had been on the board of Aid to Artisans also. We ran into real financial trouble, and I had to liquidate it. That's quite a complex process for a not-for-profit because you have special laws. It took us a long time.

Q: Aid to Artisans?

LAUDATO: Yes, a not-for-profit out of West Hartford. One of the tasks was, could we find a buyer for the assets? I said, "Let me do that." I had a Wall Street guy who was handling the finance liquidation, the banks, and all that. I said, "You guys do that. You're more equipped than I am. Let me find a buyer for these guys."

I came down here and finally had lunch with Charito Kruvant one day. I said, "Charito, why don't you guys think about this." I knew Charito had a strategic vision to move Creative Associates into the economic growth space. "I think this would be a perfect segue, having this arrow in the quiver." Charito came up with a very handsome offer to buy the assets, which helped make the liquidation much easier. Then they moved Aid to

Artisans down here to Washington and made it part of their not-for-profit side, Creative Learning. But the cost of doing that was me coming on their board. They asked me to chair the board. I just gave that chair up, and I'm still on the board.

Q: That's a busy responsibility.

LAUDATO: Yeah, yeah.

Q: You're no longer on Seton Hall?

LAUDATO: Yes, I still chair that board.

Q: So you are keeping busy?

LAUDATO: Yeah, I keep very busy.

Q: Good. Anything else you want to say about a lengthy career in AID, if somebody came to you at Seton Hall who's finishing a master's program and is interested in international work? Where would they fit in the options you might suggest to them?

LAUDATO: I've helped a number of young graduates from Seton Hall figure out how to get into AID. When I was in AID, at the end there, I really worked with a lot of the young DLIs to try to help them figure out, "Okay, what is your best career move?"

Q: Development Leadership Initiative is DLI.

LAUDATO: Yes. I remember talking to this one young man. He wanted to come in. He was very bright. They only had stuff in the management cone. I said, "Take it! It doesn't make any difference once you are inside of AID. You can do whatever you want once you're inside of AID. It's a wonderfully malleable organization. You're really smart. You'll get to do exactly what you want. Besides, frankly, in the management cone, given how smart you are, in your career you will be moving up a lot faster than maybe some of the other people will. Of course, he did it, and he has had an unbelievably successful career already.

Q: Do you remember his name?

LAUDATO: Yes, Ken Seifert.

Q: Right. I know that name.

Yes. He is a very smart young man, a terrific young officer. He's the management officer in the DR (Dominican Republic), and I think he is off to Congo next. I like working with young people. I also work with the alumni association here from Seton Hall. In fact, this afternoon I'm going down to counsel a young woman whose father I met in a taxi at Arizona State on my way to the airport.

Q: Oh, really?

LAUDATO: I'm going to talk to her at 3:00 o'clock. Then at 4:00 o'clock, they are opening the big ASU building today.

Q: Oh, they have a building in town?

LAUDATO: They just bought a huge building on 18th and I, right behind the World Bank.

Q: Oh, my goodness.

Well, George, this has been an excellent interview. It's going to be of interest to many, many people, and I thank you for your time!

LAUDATO: I was glad to have the opportunity to do it.

End of interview