

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

JOSEPH A. SALOOM

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

[Note: This interview was not edited by Mr. Saloom.]

Q: Today is November 2, 2005. This is an interview with Joseph – middle initial?

SALOOM: A.

Q: A Saloom. Saloom is that the right way?

SALOOM: Yes.

Q: S-A-L-O-O-M. Are you the third or?

SALOOM: I am.

Q: The third, all right and this is being done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy. Do you go by Joe?

SALOOM: Yes, that's fine.

Q: Where does the name Saloom come from? It's an unusual one in the American context.

SALOOM: From a small village just underneath Mount Hermon in Syria, where my grandfather came from.

Q: Okay. Well, we'll come to that. When and where were you born?

SALOOM: I was born in 1948 in Urbana, Illinois, while my parents were still in school. My father was studying for his doctorate in physics and my mother was studying for a doctorate in Spanish that she never finished because I came along.

Q: You sort of screwed up the plan.

SALOOM: I did. I managed to be an educational impediment.

Q: Oh. Let's get a bit of the background. Can you talk about the Salooms and where they come from and what's the background on your father's side?

SALOOM: We actually took a family trip in 1964 to visit some of the ancestral homes of my paternal grandfather. At the time that my grandfather came to the United States, which was in the early 1900s, I don't know exactly when, at that point Syria and Lebanon were part of the Ottoman Empire, and so there really wasn't a distinction between Syria and Lebanon. My grandfather traces his origin originally to a town called Zahlé in the Beqaa Valley in Lebanon, but there are parts of the family in what is now Syria and what is now Lebanon that have lived for generations in a town called Kanan which is as I say at the foot of Mount Hermon on the Syrian side of the border maybe an hour outside of Damascus.

Q: Do you know anything about the family before they went to the United States? Were they involved in any particular type of endeavors?

SALOOM: They were farmers. It's a very basic, small, rural village and they were farmers.

Q: What brought your, was it your grandfather?

SALOOM: It was my grandfather.

Q: What brought him to the United States?

SALOOM: One can only assume ambition for a better life. He went to a small town in southern Illinois called Herrin, which is largely a coal mining town, because there were a couple of people from the same village in Syria who were there, and I guess that's what brought him there. He was a coal miner most of his life.

Q: Then your father, when did he come along in the 1920s?

SALOOM: '21. In 1921.

Q: 1921. What did he do?

SALOOM: He had started at the University of Illinois, the first one in his family to ever go to college, and he'd done very little – perhaps a semester or a year – and joined the Army Air Corps. This was during World War II. He became a meteorologist, and the Army Air Corps sent him to Columbia University to learn meteorology, and that's where he met my mother, at a United Service Organizations (USO) or a similar function. They were married, and shortly after he went to India. He was in the China Burma India Theater in World War II, right toward the end of the war.

Q: Then the war is over and what does he do?

SALOOM: Goes back to school on the GI bill (The Servicemen's Readjustment Act of 1944).

Q: At the University of Illinois?

SALOOM: Back to the University of Illinois. It's an interesting story: when he was in India he was very, he became quite interested in exploring, diplomacy, and so forth, and he became very friendly with a priest with whom he had discussed the possibility of going to Georgetown University. The priest was in the plane ahead of his, and went down with all hands, so that prospect of going to Georgetown and foreign affairs related activity went out the window. He went back where he could go to school – at the state university – so he went there and ended up getting a Ph.D. in physics.

Q: Did your father ever talk about how he broke away, sort of, from the peasant farmer and then the coal miner business and got off to the university?

SALOOM: Yes, he did. Well, anybody working hard, he worked in what was then commonly called a "five and dime" store. It was owned by one of the more successful entrepreneurial Syrians in the town, but apparently the optometrist in the town where my

father grew up somehow took a special interest in him, and I think this opened up my father's intellectual horizons too. He gave my father books, which he otherwise wouldn't have had contact with, to read. I don't even know the guy's name because my father does tell stories sometimes about how that helped him a lot.

Q: Well, then on your mother's side, where did her family come from?

SALOOM: On her paternal side they're French Canadian, and when they came to the United States they lived mostly in Massachusetts, primarily around Worcester. Actually, my maternal grandmother, who is an Öland Swedish, also grew up around Worcester, but she was brought up in New York on 119th Street.

Q: Was it a working-class family or business-oriented education or?

SALOOM: My grandfather was a carpenter. This was during the Depression. He, like many others, was often unemployed, so very much working class; Though my grandmother was an educated woman, who was educated as a schoolteacher, but after she had a family didn't teach.

Q: Then your mother went where to school?

SALOOM: She went to Hunter College.

Q: Hunter College. At that time part of.

SALOOM: Part of the city system in New York City. It was a free college. She graduated when she was 19. She was very bright. At that time in New York City it was common to skip half grades, so you do the first half of second grade, then go to the first half of third grade and then the first half of fourth grade. She graduated from high school when she was 16 and from college when she was 19.

Q: She, I take it, took courses in Spanish?

SALOOM: Spanish, French, and Italian.

Q: So, language, particularly romantic languages.

SALOOM: Romance languages.

Q: Romance languages, you concentrated on them and when did she start going for a Ph.D.? She was doing that after you?

SALOOM: They were married. They went to the University of Illinois. She got her master's there. She did all the coursework for the Ph.D., and then I came along, and no dissertation ever got written.

Q: Okay. Well, where did you grow up?

SALOOM: My father worked for Bell Laboratories during much of the time I was very young, and so we moved around quite a bit. Primarily in eastern Pennsylvania and New Jersey in various places where the laboratories had facilities. From sixth grade to the end of high school in a town called Mountainside, New Jersey which is a suburb about 20 miles west of Manhattan.

Q: What was Mountainside like?

SALOOM: It was a bedroom suburb. Primarily aspiring, achievement-oriented sons and daughters of immigrants. It was about half-Catholic, mostly Italian, some Irish, maybe a third or 40% Jewish, and a little bit of everything else, but almost every grandparent of my contemporaries had an accent, either Yiddish or Italian.

Q: What community did you, I mean, your father's family come out of?

SALOOM: Orthodox.

Q: Orthodox.

SALOOM: Patriarch of Antioch.

Q: How about as you grew up? Was your family religiously oriented?

SALOOM: Not much at all.

Q: How about politically? Was there much interest in politics?

SALOOM: Some, my father was very busy. He ended up starting his own company in 1969, and was very busy and focused a lot on work. Both of my parents went from modest circumstances and received benefits from the New Deal. My father did work with the Civilian Conservation Corps (CCC) for a while, and my mother, at times when they were unemployed, received welfare benefits and so forth, so they were conscious of where they came from and more to the liberal sort of socially conscious end.

Q: Do you have brothers, sisters?

SALOOM: I have four siblings: three sisters and a brother, all younger. I'm the first.

Q: What is Mountainside, how did you find the school?

SALOOM: A superb school, very competitive, a lot of advanced courses. Even then, they had experimental new math. We had that sort of thing because it was a community of strivers – the sort of people who worked hard, had worked hard, to move to Mountainside so that they would have good schools for their children. So, there was a very strong level

of community involvement in the schools, and the issue of demanding of the city father's high-quality schools. The high school I went to – this public high school – sent over 90% of its students on to some form of higher education.

Q: When you were growing up in this school were there any courses you liked or didn't like?

SALOOM: I enjoyed science. I enjoyed history, social sciences. I suppose English composition may have been among the few things that I was not especially interested in. I took advanced physics, advanced chemistry. I generally enjoyed school.

Q: Were you much of a reader?

SALOOM: Yes, I enjoyed reading a lot.

Q: What type of books?

SALOOM: History when I had the choice. History biographies.

Q: By the time you got to high school did you get involved in high school activities?

SALOOM: I wasn't much for joining organizations. I was not terribly involved in extracurricular activities. I was on the bowling team. The varsity bowling team.

Q: That's a skill you can take with you.

SALOOM: It is. It's not a common Foreign Service skill.

Q: How about jobs or things like that in the summer during high school?

SALOOM: Yes, I worked. At one point I worked in a conveyor belt factory. At one point I was a welder in a refrigerator plant. I was camp counselor one year. During the year I'd do odd jobs like mowing lawns and washing cars.

Q: When you were getting, coming up, you graduated from high school when?

SALOOM: 1966.

Q: While you were in high school did the outside world intrude much in the New York Times news or events abroad?

SALOOM: I did read newspapers and watch the news.

Q: But, I mean, there were no foreign events that particularly--didn't have any major interest?

SALOOM: Well, we had a lot of foreign visitors. My father was in the electronics business, and we would often have visitors from various countries at the house. I was exposed to that, as much firsthand as anything else, by people coming over.

Q: When you were getting ready to graduate from high school, particularly with the background of your mother and father, it was just assumed that you would go to college.

SALOOM: It was.

Q: Where did you go?

SALOOM: Georgetown.

Q: Was this your father?

SALOOM: Absolutely not. I didn't know this story about my father until I'd been at Georgetown for a while. I knew I wanted to do something related to foreign affairs. I did my research. In 1966, if you wanted to do something in foreign affairs; Georgetown was the place to go.

Q: So, you were there, what, for four years?

SALOOM: Four years. Well, actually, three years. I was at Georgetown for four years, three years in Washington, D.C., and one year at the overseas program in Fribourg in Switzerland.

Q: What was Georgetown like when you went there in 1966?

SALOOM: Totally different from what it was when I graduated in 1970. You had to wear a jacket and tie to class. Men had hours by which they had to be back to the dorm. Sort of like college in the '50s, and by the time I graduated in 1970, there had been a really rather profound change in American society, which reflected itself on the Georgetown campus. I didn't go to my graduation because classes were canceled several weeks beforehand due to protests, demonstrations, and tear gas all over the place, and so they just closed the school.

Q: Yes, that was the time when we were in the Cambodia business.

SALOOM: Yes.

Q: That was in the spring.

SALOOM: They closed school, mailed us our diplomas, and said you can come back in the middle of the summer, if you want, for a graduation ceremony. I don't know of very many people who did.

Q: Yes. Was Bill Clinton active in student politics?

SALOOM: I'm sure he was, but I wasn't terribly attuned to student politics, and I don't have any memory of him at that time.

Q: Were you in the school of Foreign Service?

SALOOM: I was not. I was in the College of Arts and Sciences and took many classes in the Foreign Service school. I wanted to do economics, and at that time the Foreign Service curriculum had so few electives that it wouldn't have allowed me to take the economics that I wanted to take. I took an economics undergraduate degree, but took a lot of the Foreign Service-related courses.

Q: What attracted you towards economics?

SALOOM: Probably because I thought I had to make a living, and that seemed among the disciplines that might give me the best background.

Q: At the time were you leaning toward government or leaning toward business?

SALOOM: No. I'd looked at the statistics in terms of getting into the Foreign Service, and saw that it was basically about a 100-to-one shot, and thought that you shouldn't get your education based on something that has that low a probability of actually happening. So, I was thinking of either international business or international law.

Q: What was your class, was it all males?

SALOOM: Yes, Georgetown University – at that time, with the exception of the nursing school – the college was all men until my junior and senior year. The Foreign Service school was overwhelmingly male. I can't give you an exact percentage of how many of them were men. The nursing school was entirely female students, but the university was largely male dominated.

Q: Did the Jesuits dominate the faculty or was it much more of a mix?

SALOOM: The Jesuits dominated the administration, though they were a small minority of people who actually taught.

Q: During, I mean, this was a period, of course, of both civil rights and war protests. Let's take civil rights first. Did that intrude?

SALOOM: It intruded enormously. I can remember sitting on top of my dormitory, Harbin Hall, and watching large swaths of the city burn down in 1968.

Q: Yes.

SALOOM: Yes, it intruded massively, and then Martin Luther King was assassinated. It was a high building in a high part of town, and you could literally watch the fires in various parts of the city. The National Guard had tanks on the main traffic areas. It was very much a war zone.

Q: Were there many African Americans in that school at the time?

SALOOM: A handful. Very few. Some, but not many.

Q: Was there much organization – I would assume that there would be students working to organize student groups with civil rights and with anti-war demonstrations. I mean was that sort of in the main on campus? Was that going on all the time?

SALOOM: It's interesting. I arrived in '66, did two years, then did my junior year overseas. A huge amount of this development took place in the school year of '68 to '69. At that point I was very much isolated from all of this. When I came back to the university I shared an apartment off-campus with someone, and I was focused on graduate school, and so forth. In some sense I missed a lot of that. I mean, I was aware that it was going on, but I was a senior. I was applying for graduate school, worried about the draft. It was not something I became terribly involved in one way or the other.

Q: Did you take the course, which I think a lot of students do with Professor Quigley?

SALOOM: No, I never had Professor Quigley. He's legendary.

Q: Legendary.

SALOOM: But I never took his course.

Q: Let's talk a bit about Fribourg. This would be the first time you were overseas, wasn't it?

SALOOM: No, I had spent a summer with my father's doctoral thesis advisor, who had gone back to Switzerland to live, and I had spent a summer at a university program between college and high school in Grenoble, France. So I'd already had some opportunity to be overseas.

Q: When you went to Fribourg what sort of course was it?

SALOOM: I took predominantly economic courses, but in French. That to me was, by far, the best way to learn a foreign language is to learn a subject matter in that language. It was what really helped me to get my French up to speed.

Q: So, you were there when?

SALOOM: '68 to '69.

Q: Well, you missed then I guess the '68 business in France.

SALOOM: This was in May of '68.

Q: Also, there were reflections in Europe, but were there still ripples from this?

SALOOM: It was quite classic Switzerland, and the reason Georgetown had its program there. There were two reasons. One because you could do German and French in the same place, and the second was because it was the most conservative Catholic canton in Switzerland, which was already a pretty conservative country. So, if you were looking for a refuge from the winds of political turmoil you couldn't have found a better place.

Q: Well, obviously, working on the language and being fairly new in economics, was there a thrust of the type of economics they were teaching, do you know what I mean?

SALOOM: At a philosophical school you mean?

Q: Yes.

SALOOM: From what I gleaned from economics, I think both before and after it seemed to be mainstream. It did not seem ideologically particularly bent in one way or another.

Q: Did you live with the French family?

SALOOM: I lived in a dormitory, well a student dormitory that had both Swiss and international students.

Q: When you got out of that your French was pretty good?

SALOOM: Yes. It gave me, that experience of learning a discipline, taking all your courses, taking all your notes, taking all your exams in a foreign language was by far the most effective way for me to learn.

Q: Well, then you came back, and you were back in '69 to '70 as a senior, what were you looking for?

SALOOM: Graduate school. At that point I decided that I was interested in graduate school, business.

Q: What about the draft?

SALOOM: In the middle of my senior year they had the very first lottery for your life drawings and I got a 326. They didn't call me, and I didn't call them.

Q: How did you feel during all this time about our involvement in Vietnam?

SALOOM: I felt it was a mistake, but if I had to go I would go. Again it was one of these things where I had actually looked into naval officer candidate school, and I got a high number. I could go to graduate school and pursue my career, and that was that.

Q: Well, were “the rights and wrongs of Vietnam” much of a topic in your circle?

SALOOM: I lived with a very intellectually high-powered career-oriented group of people. The issue was less Vietnam, as the great moral issue of Vietnam is a constraint on your career path.

Q: Well, then, were you doing anything about the Foreign Service before you went to graduate school?

SALOOM: Actively, no.

Q: Where did you go to graduate school?

SALOOM: Went to the Massachusetts Institute of Technology (MIT), Sloan School of Management.

Q: What attracted you to MIT?

SALOOM: The size. It was tiny.

Q: What?

SALOOM: It was tiny. It was a small fraction of the size of the other business schools while still being a school with an important national reputation, so it was a high-quality education in a smaller, more personal setting where I thought I could do better.

Q: You were there from what '70 to?

SALOOM: '72.

Q: How did the school of business administration?

SALOOM: Management.

Q: Management.

SALOOM: They make a big distinction because the issue is not, they're not teaching you how to run a business. They're teaching you how to take human material resources and organize them and directly motivate them to achieve an objective. They're not teaching you to make money. You can use those skills to meet any sort of objective.

Q: Was there either rivalry or snobbery to you from Harvard University?

SALOOM: Oh, yes, we're the trade school down the river.

Q: Well, did people come out about the same place, would you say, or was MIT really turning out more managers than the others were turning out?

SALOOM: I have no way of judging that. I can tell you among the relatively small circle of friends that I have, that the people who went to Harvard went into business and I'm the only one who went to MIT and I ended up doing something else. They ended up making wildly more money. I had more fun.

Q: You wouldn't be doing this oral history and I wouldn't be doing this with so many FSOs if they'd all gone into business. It would be too boring quite frankly.

SALOOM: Yes.

Q: At the Sloan School, did you concentrate in something or were they looking at managers or choosing between types of industry at all?

SALOOM: Well, I did focus on the international. I actually wrote my thesis – at MIT to get a master's you have to write a thesis – on the evolving role of the labor movement and U.S. trade policy. It was interesting because one tends to think of labor now as protectionist, but in the '30s labor was really one of the big driving forces for us to go out and negotiate trade agreements and open new markets with the idea that American history was productive and efficient. Open markets were good for American labor. That changed profoundly over the years, but at the time it was quite different than what it is now.

Q: Yes, well also the labor movement was very much involved in the Marshall Plan and it's shown in various places. We had American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) representatives all over the globe pushing their trade unions, and kind of among that was certainly the international road of trade and opening things up. Well, then you got out in '72, then what happened?

SALOOM: I finished three semesters, and decided to get married to a lovely lady whom I'd met in Fribourg. She went to a Catholic college in Chicago that had its two-year abroad program at the same place that Georgetown did. So, we met there, and we got married. At the time I had two courses and my thesis to complete. We got married and moved to Washington. The summer before, I had worked in a summer job at what is now the International Trade Commission – what was then called the Tariff Commission. So, I worked there for a year while both going to school and working on my thesis at night. I graduated in January of 1973, and it was during this period that I took the Foreign Service test. I was just getting my degree in the Foreign Service. They offered me a job in January of 1973, and I joined the Foreign Service.

Q: What was the background of your wife?

SALOOM: She's from Iowa. Her father is a lawyer. Her mother is a homemaker. She's an American Foreign Service student in Austria. Always had great wanderlust. Went to school in Chicago, a Catholic girl's school in Chicago; went to Fribourg with me, that's where we met. Background other than that, grew up on the Mississippi.

Q: She had planned to be in the Foreign Service?

SALOOM: No.

Q: Do you recall any of the questions asked to you during the oral exam?

SALOOM: I remember one. Well, my strategy on the oral exam was they asked me about my thesis, and I figured the longer I could speak on something I knew about, the better off I would be. So I went into great detail about my thesis. The one that I totally flubbed was, "If someone never had any experience in America, what five books would you give him to read to explain about America?" I was pretty much "a deer in the headlights" on the cultural questions. I remember those two specific things. Other ones, I don't recall.

Q: Well, you came into the Foreign Service when?

SALOOM: January of 1973.

Q: What was your basic officer course, your A-100 course? What was the composition of it? Men, women, ethnic, background, mixed?

SALOOM: Yes, it was mixed. We had a fair number of women. I guess one of the differences from classes you'd see now is probably most people had military experience.

Q: Yes. When you were brought in was it a cone system at that time?

SALOOM: It was.

Q: You came in as an economic officer?

SALOOM: I came in as an economic officer. Actually, there was an ad in the MBA magazine that was lying around the business school that said, you know, "we're looking for people to go out and promote this and do economic policies, so send in this little coupon and take the test." The whole issue was at that point there was a recruiting drive to get more people involved in the economic commercial phase of diplomacy. I entered as an economic commercial officer. At the time there was not a requirement to do consular work and I crossed the threshold before they reinstated it. I've given one visa in my life, as a duty officer one weekend in Germany, but I really have done solid economic commercial work my entire career.

Q: Were you pointed towards your own particular preference? Any particular area?

SALOOM: Europe was what I knew, and I spoke French. My first tour was Germany, and they taught me German.

Q: Where did you go in Germany?

SALOOM: Düsseldorf. I did commercial work for two years and it was a lot of fun. I loved it.

Q: That was '73 to '75?

SALOOM: Actually, my first tour was in the State Department's Bureau of Intelligence and Research (INR) for a year – because they didn't have enough overseas assignments – where I worked on following Arab oil money, and as it turns out, 1973 was a fascinating time to be there. So I started out, in I guess February or March of 1973, doing this and then the oil crisis hit in September of '73, and I was sending memos to the Secretary of State twice a week.

Q: This was petrodollars.

SALOOM: This was petrodollars. Nothing but the purest good fortune gave me this extremely interesting issue, and so I was going to be the Department's expert on this. It was really quite a lot of fun.

Q: Where did you get your information? Particularly in this specific realm?

SALOOM: Let's just say it was all-source. There was information around.

Q: Yes, I would think the banks would be...

SALOOM: Discreet, I'm sure.

Q: Yes, discreet, but at the same time, how did you find INR? Did it suit you, did you enjoy this?

SALOOM: That particular subject, because it became so exciting, it was wonderful. I am by nature more operationally-oriented. In general, that's the only time I worked in INR. I was tempted to be more involved with things where there were actual negotiations and actions going on.

Q: What was our attitude toward the petrodollars? Part of the thing was that, from what I understand, is that the Arab countries and others, but basically Arab countries, were giving all these dollars, but they had to go somewhere from what they represented, and in the long run it wasn't as much a drain on us as we might think. I mean was this true?

SALOOM: The real issue was recycling. Arab countries didn't have that much money drained off in the world economy, but you want to maintain world economic growth. So, the issue is what mechanisms do you find. It was an issue for us, but it was, in a sense, a much more dramatic issue for the developing countries. The issue was, "How do you help non-oil exporting developing countries?"

Q: Or having to pay.

SALOOM: Or having to pay three and four times the price. And countries that are not seeing the products that they export go up in price, similarly, to allow them to pay for that. There were all sorts of special facilities done at the World Bank and the International Monetary Fund (IMF) to help them through that difficult period – oil facilities and so forth. And the commercial guys played a huge role in recycling a lot of this, and that's, in fact, the origin of the debt crisis many years later. Commercial banks borrowing these sorts of things and lending them into what turned out to be negative cash, they still have a risk. To the debt crisis in the '80s and early '90s. It was one of the contributing factors.

Q: Then you're off to Düsseldorf from?

SALOOM: '74 to '76. Because I took German in between.

Q: What was it a consul general?

SALOOM: Consul general.

Q: Who was the consul general?

SALOOM: His name was Hennemeyer, Robert Hennemeyer. In fact, with one exception other than myself, that whole general staff all had very German names. Fisher, Brice, etc.

Q: You say you were working on the commercial side, what did that involve?

SALOOM: We were very big in outreach at that point. We used to do these things called, the English term would be "U.S. commercial information day." We would form a partnership with the local chamber of commerce in cities in our district, and we just basically took the consulate's entire commercial section out there for a day or two. If any business was interested in doing business with the United States, hopefully someone from that business would come and talk with us. The opportunities would come back to the United States. So, we'd go out to Wuppertal, for example, and sit around the chamber of commerce. We would identify an opportunity, such as identifying a guy with a marketing organization who makes certain products, but was missing another specific product in his lineup. If we knew that an American firm could supply the missing product, we would send these opportunities back to the Department of Commerce, who would then go through its database and say, "Yes, well the XYZ company in Ohio, you should know that this company in Germany is looking for this kind of product." Then the idea was that

the companies would get together. Again, our consulate was the leader in Germany in using this mechanism, and we produced the most trade opportunities of any post in Germany. But it was basically by getting out, bringing what we had to offer out to the various cities in our region, and setting up shop there for a day or two.

Q: Did you find the German firms receptive to this?

SALOOM: They were. They were willing to try. I can't say that we always got them what they wanted, but there certainly was some business that was generated by this.

Q: What was going on in Düsseldorf? What was it part of?

SALOOM: It was part of the German industry.

Q: Was it pretty much industry oriented there?

SALOOM: It is where the heavy industry is in Germany. This one particular region represented a third of the German economy. It was coal, steel, and heavy machinery. It wasn't any new technology, and it has hit relatively hard times since then. In 1974 to 1976 it was a real economic powerhouse.

Q: Were you able to make significant or interesting contact with Germans?

SALOOM: Well, my wife, who in the meantime had gone to nursing school, worked in a German hospital. We probably had more close friends that resulted from that, but no, certainly in terms of an active social life we were out a lot. We became lifelong friends with the people in the apartment upstairs from us, a German fellow and his Greek wife. We still stay in touch with them. We had a houseguest last week who was one of my wife's colleagues at the hospital. So, yes, we were able to make sense of that society relatively easily. It was helped by the fact that the consulate was so tiny that you really couldn't have your social life within the consulate, and it was also helped by the fact that most of the people living in Düsseldorf were from there. It was an economic magnet that drew people from all over Germany. In that sense, it was less traditional than some other parts of Europe, and relatively easy to make contacts.

Q: Well, then by '76 where did you go?

SALOOM: Morocco.

Q: Oh. You went to Morocco, and you were there from '76 to?

SALOOM: '78.

Q: What were you doing there?

SALOOM: Economic commercial work. Again, it was a mix of economic reporting and commercial work. A fascinating country, a beautiful place. We traveled every weekend I was in Rabat. Traveled every weekend. It was a lovely time.

Q: Who was the ambassador?

SALOOM: Robert Anderson was the ambassador, who had immediately previously been Secretary Kissinger's press spokesman, career ambassador.

Q: Was there much of an economy in Morocco?

SALOOM: There was. Morocco is the Saudi Arabia of phosphates. It has the world's largest, easiest to mine, richest, closest to the ocean phosphate deposits. So, the overwhelmingly dominant company in the country was the OCP Group, which was originally known as the "Office Chérifien des Phosphates." It used the most modern machinery. It was a huge consumer of American mining equipment. By far the single biggest industrial enterprise of the country.

Q: Were there any political movements going on while you were there? I'm thinking of the assassination attempts, who was the king at the time?

SALOOM: Hassan II was the king. It was after the two coup plots: the one in 1971 took place at the King's summer palace in Rabat, and the second one, in 1972, was an attack on the King's Boeing 727.

Q: The birthday party in the airplane.

SALOOM: In the airplane, yes and this was after both of those. In fact, I got there just months after the 1975 "Green March," which was when the Moroccan military seized land in the former Spanish Sahara, claiming it for Morocco. Certainly, all the time I was there, there were issues of hostilities with the Polisario Front (Frente Polisario, from the Spanish abbreviation of Frente Popular de Liberación de Saguía el Hamra y Río de Oro). We weren't allowed to go into that part of Morocco for security reasons. You didn't really notice any security issues. The former Spanish Sahara was 1,000 miles away.

Q: Where were you getting your information? Did you have good economic contacts?

SALOOM: In Morocco, as in Germany, as in every post where I've served, I've had a policy of visiting at least one business or company a week – usually more. You see a lot of people at the normal diplomatic functions, but it's amazing how open and forthcoming people will be if you reach out and go visit them. They're proud of what they do. They're proud of their company. They're proud of their business. So, I would go visit companies. I'd go call on bankers. Call on government officials. It's pretty basic diplomacy, you know. Go out and meet people and ask what's going on.

Q: Did our relationship with Israel impact at all there?

SALOOM: Very little in Morocco. It's a very tolerant place. The head of the chamber of commerce in Casablanca when I was there was Jewish. It's still a significant Jewish community. The king was quite insistent on his obligation as king to protect all communities, including the Jewish community. When I was down in Essaouira, there were still Jewish jewelers. Again, most of the Jews left Morocco when Israel was founded. Though most didn't go to Israel, most went to France. For an Arab country, for an Islamic country, the Israeli issue had about as little impact as any Arab or Islamic country I've ever worked in.

Q: Did the royal family relatives reach into the economy? I'm thinking corruption, nepotism, that sort of thing.

SALOOM: It certainly wasn't overwhelming. The one thing that was interesting that is vaguely akin to that is the elite: the intellectual elite, the political elite, and the economic elite, as well as the royal family. So, you would see a fair amount of dominance of many institutions by people from France. This was changing in the sense that it was a not particularly well-educated, but extremely hardworking and gifted commercial Berber class coming up. I have no idea what it's like now, but at the time I was there, which was '76 to '78, they were really emerging as a dynamic business class coming up to rival the established business class.

Q: What about the influence of France at that time?

SALOOM: The French language was dominant. The French had a protectorate for a long time. The French Embassy was the biggest in town. The French aid program was the biggest. There was French military assistance. They were a conspicuous presence.

Q: I was wondering about American commercial endeavors. Were they up against the French and how did that work if they were?

SALOOM: Certain were, though one of our more successful endeavors was harkening back to this commercial work and trade opportunities and so forth. We managed to help facilitate the purchase from the United States of all the equipment to build a cement plant by a Moroccan company, which made us feel pretty good. Certainly there was French influence and French tradition, but a cement plant represented something large and significant. We were able to help an American firm competitively beat French firms and win that contract, and certainly, as I mentioned before, American firms were quite active in being suppliers to the OCP Group.

Q: Was it easy to travel then?

SALOOM: Extremely easy to travel. Morocco was a very tourist-oriented country. It had a lot of spectacular natural and man-made sites. Stunning architecture. Good road system. It was easy to get around.

Q: Did you get involved in the Hollywood factor of making movies and that sort of thing?

SALOOM: I never did.

Q: Supposedly it was big and glamorous.

SALOOM: It could be, but I never did. There was a championship golf course and many golf tournaments. The king was a golfer. Every year we had elite world golfers come to town.

Q: How did you find Moroccan society? Open?

SALOOM: It's an interesting mixture. I have subsequently lived in the Middle East and had a lot of exposure to Europe. It's Islamic. It's certainly not fanatic. French is widely spoken. It's socially, culturally, and religiously very different from the Middle East; and yet it's also very different from Europe, so it's an interesting ménage (mix).

Q: How about the embassy staff? One of the things I've heard about some of our staff, particularly our ambassadors, is that they can get almost co-opted by the king at the time. Did you feel that the embassy was trying to put the best face on things or was that a problem?

SALOOM: You know, that may have been an issue for people in the political section, but in the economic section our stuff was objective. For example, reporting that "the economy grew four or five percent. There were this many exports, this many imports, and they were the following products. American companies did this much business, and the rest of the world did this much and sold as much." So our stuff didn't really lend itself to a whole lot of slanting one way or the other, and we pretty much called it as we saw it. I never had any problems sending anything back to Washington.

Q: Well, I'm sure at times it was a problem, but the king had a reputation of chewing up professional ambassadors and preferring political ambassadors whom he could co-opt. There's a classic story of one of our ambassadors sending a cable saying, "our" king.

SALOOM: Not an issue, again on the economy you don't talk about the king much.

Q: Yes.

SALOOM: You talk about the main economic outlook. For example, you talk about how citrus exports are doing, how remittances from foreign workers are, what phosphate prices are, and how Morocco is doing on its problem with the International Monetary Fund.

Q: How did you find the Moroccan bankers?

SALOOM: We're going back to what is ancient history financially. It was a closed and not particularly market-oriented system. They had exchange controls. Banking was largely in state hands. I'm sure all that's changed in the meantime.

Q: You couldn't survive like that in today's system?

SALOOM: No, you couldn't now, but at the time, we're talking about 30 years ago. A whole lot of countries had these very controlled systems. One of the more powerful guys in Morocco with whom I used to go talk to every now and then was head of allocating foreign exchange.

Q: Yes.

SALOOM: The short answer was that Morocco wasn't a market system, so you didn't have a terribly developed banking industry.

Q: Well, then in '78 you're off again.

SALOOM: Saudi Arabia.

Q: Oh, boy. So, there you go from sort of a benevolent monarchy, well, I won't say that benevolent, but certainly a much more powerful monarchy. You were in Saudi Arabia from when to when?

SALOOM: '78 to '80.

Q: '78 to '80. Well, here is the heart of the petrodollar.

SALOOM: Yes, I managed to get very involved in one way or the other with both oil crises.

Q: What was your job there?

SALOOM: I was the financial economist, so I wrote many of the economic reports. There was an oil officer, but, again, how do you distinguish between what is finance and what's oil in that particular case? I was there at a fascinating time: the Iran hostage crisis, the Mecca mosque takeover, and the second oil crisis. It was serendipity, falling into those interesting times.

Q: Who was the ambassador there?

SALOOM: John West, a very close friend of mine. I went to his funeral about a year ago in South Carolina.

Q: What was his background?

SALOOM: He was governor of South Carolina, and the first Southern governor to endorse Jimmy Carter for president. He was asked what he wanted, and he said he wanted to be ambassador to Saudi Arabia. He'd led some trade missions to Saudi Arabia, and he thought it was a very important place.

Q: Anybody who comes to Saudi Arabia is not going there for social reasons.

SALOOM: No. Well, certainly not.

Q: How did he operate?

SALOOM: He was one of the most intelligent people I'd ever met. A great sense for people, deeply religious. How did he operate? Fairly, loyally, creatively. There were always Saudis over at the house; he invited the staff a lot to be there with him. I was there a lot. He was very supportive of the U.S. business community there. Worked tirelessly, not only in Saudi Arabia, but in Washington, on issues like the F-15 sale. It was a style of being very straight with people and extremely caring for the staff.

Q: Did his style, granted it was different, but did it seem in your impression to work with the Saudis?

SALOOM: Extremely well.

Q: Because in a way he's talking about many of the attributes of the Arab ruler, you know, loyal to your people, dignified, polite.

SALOOM: Yes. He was exceptionally effective with the Saudis.

Q: What was the economic situation at the time you were there?

SALOOM: Almost chaotic boom. Oil prices, which had tripled in '73, tripled again.

Q: What was this from? This was in October?

SALOOM: Well, '73 was the oil embargo. I'm not sure what it was, but oil prices suddenly tripled. I don't recall why. Basically, you had unprecedented prosperity. So, this was the time they were using helicopters to unload ships from the port. If you could get anything into Saudi Arabia to sell you could make money doing it, but the ports were clogged. Everybody had a lot of money. It was a "Mecca" for architecture, for example, because they would get commissions to design things, and, in effect, have no spending limits. Huge construction boom. Huge consumption boom. Huge numbers of U.S. businessmen flocking into town.

Q: Almost all of this was being done by foreign labor or foreign expertise wasn't it?

SALOOM: Yes.

Q: Was that a concern? I mean looking at this within Saudi Arabia?

SALOOM: I don't know. I mean the Emirates have 80% non-citizens, and they're doing pretty well. I mean is it a social issue? Yes. The point is that unlike Europe, and certainly dramatically unlike the United States, it is clear that most people don't come to Saudi Arabia to live there. They come to Saudi Arabia to live there temporarily while they are working and making money to go back to where they came from. So, in that sense, sure you have a bunch of people in country to build a project. The project's built, they go home. An awful lot of this was construction-oriented at the time.

Q: Well, I mean you know unlike say a country like Nigeria and all, I take it that the Saudis were essentially delivering to their people.

SALOOM: At the time I was there, there was virtually free, virtually universal health care. Any Saudi who wanted a loan to build a house got a loan to build a house. Education was free. It was very much at ease. It was delivering to its citizens and was also delivering palaces to the elite, but no one was left out.

Q: Were there any rumblings at all?

SALOOM: Well, there was the Mecca mosque incident in 1979, in which Islamic extremists killed a number of people and took over the Grand Mosque in Mecca.

Q: Now, who were these people?

SALOOM: Islamic fundamentalist insurgents.

Q: Saudis?

SALOOM: Saudis. The Saudi defense forces fought the militants. You're not supposed to kill anything in the holy mosque in Mecca. So, they had to get a fatwa (religious edict) from the religious establishment to even go in and get rid of these people, but they did. Nothing like that has happened since.

Q: Were we concerned at the time that this could lead to something more?

SALOOM: I think our main concern at that time was our hostages in Iran.

Q: What were you gathering from your Saudi contacts about the situation in Iran?

SALOOM: You know I was just doing economics. I can't say that I gathered much of any information from my Saudi contacts about what was happening in Iran, but only because that wasn't my function in the embassy.

Q: What were the economic points that you were particularly interested in?

SALOOM: Well, we did a whole lot. Even though I was nominally an economic officer, we were extremely involved in helping American companies. There were some huge contracts that were being let in at the time, and the ambassador, others, and I were quite involved in helping America's business. Analytically, the issue was obviously recycling the money, making projections of how much money they were going to be getting, determining what we needed to do to, and understanding how this deals with global economic growth.

Q: American firms that came in there, did they have a lot of trouble doing business?

SALOOM: It was an extremely lucrative market and was therefore an extremely competitive market. I think American firms did quite well.

Q: Well, were you concerned at the time of any American enterprise doing business there might have a Saudi partner or a Saudi agent or something like that?

SALOOM: Yes, they all had some Saudi connection.

Q: Were we concerned about bribes, payoffs, that sort of thing, or was this not part of it? I mean this was during President Carter's time.

SALOOM: I'm trying to remember when the Foreign Corrupt Practices Act was passed and its relevance, but I believe it had already been passed by then.

Q: I would think so. 1977.

SALOOM: I think it had. It's an issue. I don't know. Were we concerned? It's obviously a factor. I think where the embassy was on this was to make sure that when there was competition we made clear that our policy was that it be a fair and open competition based on the merits and price of goods. We very often made those sorts of approaches at extremely high levels.

Q: Did you get involved in pressing the Saudis to produce more oil? There seems to be a perennial request for that.

SALOOM: I'm trying to remember. I don't recall us making a big issue of this because I think the Saudis were producing reasonable amounts of oil. This goes back long enough that my memory can play tricks on me. I was there when the first F-15s did their flyovers around Riyadh. Iran and security in the oil fields were more our concern rather than Saudi discretionary pumping or non-pumping.

Q: Were we at all worried about Iranian fundamentalist influence?

SALOOM: Well, that was the issue at the time.

Q: That was the issue.

SALOOM: That was the issue. They had our hostages. They had thrown out the Shah, who was the pillar of our policy in Iran for quite a long time, and it was a very unsettled, difficult time. Iran was the number one issue.

Q: Then what happened with the family?

SALOOM: Oh, I'd eaten with them many times.

Q: I've lived in the Bin Laden house myself back in Dhahran in the '50s.

SALOOM: You know, a major family.

Q: Sure.

SALOOM: Probably the biggest construction firm in the kingdom. One of my wife's closest work colleagues was married to a Briton who was one of the managers at Bin Laden. It's like General Motors. It's a big company.

Q: Yes. How about, you were there let's see...

SALOOM: '78 to '80.

Q: '80, so Afghanistan?

SALOOM: It was totally off my screen at that moment. This was not an issue.

Q: It wasn't there at all. Well, then you left in 1980, and I think this is probably a good place to stop.

SALOOM: It's a great place to stop because I'm going to probably run off to a meeting very soon.

Q: Okay, I'll put at the end in 1980 where did you go?

SALOOM: Back to Washington.

Q: Where in Washington?

SALOOM: The Office of Aviation Negotiations.

Q: All right.

Q: Today is the 19th of January, 2006. Joe, you went back to Washington in 1980.

SALOOM: 1980.

Q: Office of Aviation and you were there from when to when?

SALOOM: From 1980 to 1983. This was in the era when Frances Wilson was “czarina,” if you will, of personnel and admin.

Q: She’s a major character who runs through all my economic type people.

SALOOM: Absolutely. She had absolute authority over assignments in EB at the time, and I had come back. It must have been in the summer of 1979. and I had been very engaged in aviation work in Saudi Arabia. Among other things, we negotiated for the first non-stop air service between the kingdom of Saudi Arabia and the United States. I went to see Frances Wilson, and I explained to her how excited I was about aviation work and what I had done in aviation, and what I really wanted to do was to come back and work in the Office of Aviation Negotiations. There are several parts of the aviation office: one part dealt with aviation programs and policy, and the other focused on negotiations, where you actually went out and did commercial negotiations. Who could fly how many times a week? How do you set the price? And so forth. This was at a time when we were really pushing deregulation of the aviation industry, both domestically and internationally. I really wanted to be part of it. Anyway, I managed somehow to convince Frances Wilson of this, and she told the aviation office that they were going to take me whether they liked it or not. As it turns out, they ended up having to take a fairly significant gap. I mean many months of not having somebody because Frances Wilson said that I was the person who was going to do this. I gave them three years in that office. I worked with some wonderful people, among them Ambassador Richard Bogosian, who was the office director at the time. Jim Ferrer, who was Deputy Assistant Secretary. What I really liked about it is that it was very specific. You had a concrete outcome, a measurable result, and the State Department was in the chair of the negotiations.

Q: I would think this would be the type of job in the Department of State that would have had a high civil service component. How was it at that time?

SALOOM: In the negotiations division, because it required a lot of regional expertise and negotiating skill, it was less dominated by civil servants. The aviation programs and policy side, which required a more detailed knowledge of technical things and standards had a relatively high percentage of civil service. This was a classic negotiating job. This is what diplomats do, what economic officers do.

Q: Just to give a little feel for the political situation in '81 Ronald Reagan came in, and, particularly in those days, Republicans were for less regulation, more openness and all that. Did you see a “before Reagan” and “after Reagan” or how did that work?

SALOOM: That was something where the prior and the Reagan administration were virtually one in the same. Aviation deregulation was a very non-partisan issue at the time.

The deregulation of aviation certainly continued, but it was continual, it wasn't a sharp break.

Q: Well, could you talk a bit about some of the players and then we'll talk about the specific negotiations. I would think you had some mighty airlines, I'm not sure how mighty they were in those days, Trans World Airlines (TWA), Pan American, American.

SALOOM: Flying tigers.

Q: Flying tigers, oh yes.

SALOOM: Yes. The players. There were two associations. There was the Air Transport Association, which was the association for scheduled carriers. They had some of the old line carriers you talked about, United, American, Pan Am, Trans World Airlines (TWA), and then there was another association called NACA, the National Air Carriers Association. These were, in essence, the charter carriers, because this was really before major deregulations and at the time when low cost segments of the industry were heavily chartered.

Q: They were, sort of, unnamed airlines, weren't they?

SALOOM: Transamerica was one of the major players. Gosh, I've forgotten. There were a couple of them. It has been a while. Capital Airlines, I think, was also one of them. We divided things geographically and I had Africa and the Middle East. After having negotiated an ad hoc agreement for the first scheduled service to Saudi Arabia, which was done without an air transport agreement, but on the basis of economy and reciprocity, we actually negotiated the first agreement with Saudi Arabia when I got back. Interestingly enough, in addition to Africa and the Middle East, in order to balance the workload within the office, I also ended up with Canada.

Q: Oh boy. That was the devil in the woodpile wasn't it? That was a mess.

SALOOM: It was a very difficult one. It was particularly difficult because there were asymmetric advantages. The Canadians were very strong in the charter market to send up destinations to the southwest. The U.S. airlines, if they had a route and I think it was Delta, had a route from Toronto to Buffalo, some route that was 100 miles I think, but using their unlimited domestic authority, they would operate Toronto to Buffalo to Orlando. The Canadians just thought that was wildly unfair because with this tiny little route, in effect, they got to tap into a huge market between Ottawa, Montreal, Toronto, and these major send out markets. Our guys felt that the charter rules in Canada were so liberal that Canadians were offering what was, in effect, scheduled service. So, it was some difficult negotiation. It lasted over many years, and made in the three years that I dealt with it a certain amount of putting out fires in incremental progress, but nothing earthshaking.

Q: I know much was made not very long ago about the fact that you can now fly from Washington to Ottawa.

SALOOM: Yes.

Q: Which you couldn't do before.

SALOOM: No, you couldn't.

Q: I mean this is incredible to me.

SALOOM: Yes.

Q: What was the Canadians' stance? Were they afraid to open their market or did they have a good thing going?

SALOOM: There were elements of both. Their inclination was more regulatory than ours. Their faith in markets was somewhat lower. They did have some specific things to protect, like, for example, the very lucrative charter market.

Q: What about up on the western coast because there's a lot of travel from essentially Vancouver and that area down to Arizona and New Mexico? What was happening there?

SALOOM: Not much, and probably because you can drive to Seattle from Vancouver in two hours, and that's what they do. They just drive from Seattle to Tacoma airport and from Vancouver. To be perfectly honest, north of Vancouver there's not a lot of population.

Q: No, there's nothing much up there.

SALOOM: Yes. That was one of the interesting things. My percentages are going to be imprecise, but something on the order of 80% of the Canadian population was within 100 miles of the U.S. border. The more densely populated band is really a very narrow one in Canada. So, in a place like Vancouver it's quite easy. You either get a cheap charter fare from Vancouver down to the southwest or you drive over to Seattle and get a fare from there.

Q: Let me stop here and switch tapes.

SALOOM: Okay.

Saloom, Joseph (Tape 2)

Q: This is Tape 2, Side 1 with Joe Saloom. ... Was there much pressure from Congress or other political pressures playing on you to do something about this? Were the airlines and their constituencies relatively happy?

SALOOM: When you're negotiating on the companies' behalf in an international economic negotiation, by definition they're never happy. They would have liked to get 100% of everything and to give nothing. In some of the Middle Eastern negotiations we ended up with some Congressional assurance, specifically when we negotiate with Israel. With Canada you had more than the classical industry association lobbying. Most of the associations and the individual airlines would come see us a lot. A lot of them – specifically the industry associations – would go on the negotiations with us as observers.

The pressure we'd get, interestingly, was less from Congress and more from cities that wanted service. You'd find resort destination cities saying, "Here are all the wonderful things that our city offers. Canadians love to come here, but there's no direct service." You'd get things from the State of Florida, you get things from the mayor of this town or that town talking about how important the air service is from the airport authorities in these places that were trying to get...

Q: I would think airports would love to get more.

SALOOM: Not a whole lot of pressure, in particular, from Congress, but an awful lot from the destination cities who, quite frankly, couldn't care less whether it was U.S. or Canadian carriers that brought the passengers there.

Q: Again, we'll turn elsewhere, but with Canada, how did you find negotiating with the Canadians?

SALOOM: It is a different country, and a lot of people forget it. They look and talk like Americans. You sometimes expect them to react exactly the way an American would. You just always have to bear in mind that it is, in fact, a different country and it does, in fact, have different political priorities and values. Close that it may be, it's easy to fall into the trap of thinking that you know how they will react when, in fact, they're extremely sensitive of the size and power differential of the relationship between the two countries. If you're going to negotiate successfully, there's a level of sensitivity to that that you need to be aware of.

Q: Did you feel going into these negotiations that there was another side beyond the economic one, such as political sensitivities, or dare I say anti-Americanism?

SALOOM: I was surprised after a couple of rounds of negotiations with the Canadians that they were more similar to our negotiations with Mexico than they were to our negotiations with the European countries, which is not what I intuitively would have expected.

Q: Let's go to Africa. I would think in Africa, in the first place, you'd be up against a very aggressive Air France and its network too. Did you find this? What were we doing in Africa?

SALOOM: Not much. It was large geographically, but there was less air service to all of Africa than there was between the United States and the Netherlands. It was overwhelmingly to one country. Well over half was to South Africa. The other thing was almost a total lack of interest by the U.S. industry in Africa. At one point before my time Pan Am had operated its service that went east to west through Africa.

The only other country that we really had any significant negotiations with was Nigeria, Nigeria Airways. We ended up with limited service. It was a very large continent with very little interest by the U.S. industry.

Q: Talk about U.S. industry. Boeing and McDonnell Douglas were selling their aircraft to every country that wanted to have its own airlines. Was that a factor?

SALOOM: I had been very engaged in that sort of activity when I was overseas in Saudi Arabia and in other countries, but most conspicuously in Saudi Arabia. In terms of, “Are we more likely to give a country landing rights or more favorable air transport agreement because they buy American aircraft?” I never saw it.

Q: Turning to the Middle East, you were mentioning Israel. What were the issues there?

SALOOM: That was an interesting one. There was a new charter carrier called Tower Air, which was operated by some Israeli-Americans, which was very successful at running charters. El-Al Airlines didn’t particularly feel threatened by Trans World Airlines (TWA), which served Israel at the time. This market was not the Jewish ethnic market. TWA’s market was more Christian general tourists. That wasn’t a commercial threat to El-Al. Tower Air was. It was run by Israeli-Americans based in New York City and offered very inexpensive fares. El-Al offered Kosher food; Tower Air offered glatt Kosher food, which is like super Kosher.

Tower Air were really eating into El-Al’s service as a charter carrier, and what we wanted to do was to get them in. They wanted to get in as a scheduled carrier. That was one of the things where we were very active. There were Congressional issues. One of the things we did is talk to key leaders in the U.S. Congress who had an interest in the subject, and we emphasized to them that we were not trying to change the law. We were trying to make it easier and cheaper for the American Jewish community to visit Israel. That was really what we were after. Consequently, we got no Congressional resistance to pushing rather vigorously to add this American carrier to the market. I don’t even know if the airline still exists, but for a long period they were a very successful carrier to Israel.

Q: Did you get into any other areas of the Middle East?

SALOOM: Lebanon. We probably negotiated the first resumed air service between Lebanon and the United States. This was at a very difficult time. It was during the Lebanese civil war. Middle East Airlines (MEA), the Lebanese airline, for security reasons would not keep a plane overnight in Beirut. There was some serious resistance by the U.S. industry, which posed questions such as, “Why should we let them fly to the

United States?” This was also especially difficult because there were so called “fixed freedom rights:” the right to pick up passengers on the way in London or Paris and take them to New York. “Why should we let Lebanon do this? We’re not interested in going to Lebanon.” There were larger reasons why it was worth having service, so we ended up doing that for the first time. At some point MEA must have served New York in the past, but they had not in many years. We negotiated for the rights that would allow the resumption of service. We negotiated the first what we call “open skies,” unlimited routes. Carriers could price any way they wanted with Lebanon, which was a breakthrough agreement for the region in terms of deregulation. Those are the ones that come to mind.

I also did some of Eastern Europe. That was particularly Czechoslovakia at the time. That got very caught up in Cold War machinations. We kept ratcheting back their service because they did awful things that we didn’t like in other areas. That wasn’t very forward looking. It was swept up in larger political times.

Q: Did you find any pressure coming from the geographic bureaus? You’ve got other fish to fry here in X country, so they’re unhappy about this particular thing, so why don’t you give way to them. Did that sort of thing happen?

SALOOM: We tried to be pre-emptive, as we did in Israel. As we preemptively explained what we were doing to Congress, we creatively explained what we were doing to the desk and made sure that we were sensitive to larger bilateral issues, while at the same time being activists at pushing this particular economic issue. I would say we got along more with desks. In the case of Czechoslovakia, they said, “They’re evil and nasty. You can’t let them do this.” It interfered more in that way than the other way.

Q: Giving way and things like that... I know when I talked to somebody — this was back some years before — he said the major thing when he went out as ambassador to the Netherlands was opening other places for KLM. That was Number One on his agenda.

After two years there what, ’83?

SALOOM: During ’82 my wife took a nurse practitioner’s program. In March of ’82 she was hired as a foreign service nurse practitioner. We wanted to go out as a tandem couple. My view was, “I will go wherever you will send her,” and that happened to be Zaire. We went to Zaire on a two-year tour. I was the number two in the economic section.

Q: This would be ’83 to ’85.

SALOOM: Eighty-three to eighty-five. My boss left. I got promoted. It was the largest economic section in Africa at the time. It was a senior position. I went as a two, I was promoted to one, then I was stretched into the senior position. I became the economic counselor from ’85 to ’87. Exciting place!

Q: Who was ambassador while you were there?

SALOOM: Peter Constable to begin and then Brandon Grove.

Q: Talk a little bit about Zaire during this '85 to '87 period.

SALOOM: Mobutu Sese Seko was firmly entrenched. It probably was the most prosperous four years in Zairian history. Peace reigned, more or less. What I was working on most was economic reform and getting them to do the things that the World Bank and the International Monetary Fund encouraged them to do. For most of that period they did do it. There was a flourishing of new companies and new businesses. The exchange rate became more sensible. Local businessmen included Zairian, Greek, and Lebanese, and there was a fascinating community of Isma'ili Muslims. A Sephardic Jewish community had been there generations. All invested more, opened new companies. It was a very flourishing period.

I understand that after I left the political developments were such that much of this was subsequently lost. But it was a period of very active economic restructuring and a lot of investment, a lot of creation. I lucked out.

Q: Today Zaire — the Congo they call it now — is a basket case practically ripped apart.

SALOOM: Thousands of deaths every day.

Q: What was driving the economy? You have your copper down in the Shaba Province, and what else?

SALOOM: Ore that produces copper also produces zinc and cobalt and small trace amounts of silver and gold. Cobalt during part of the time I was there was \$40 a pound. It's a key element in making alloys for making things like jet engines. Cobalt was booming, copper was booming. But there were also huge artisanal diamond mining operations, a lot of money in diamonds, and huge artisanal gold operations. There were also industrial diamond mines. The artisanal was really booming. These miners were, for want of a better term, the African equivalent of the '49ers with pans and picks, and they would go out into the bush and dig for diamonds and gold. Forestry. Huge, beautiful tropical hardwoods. There was a German company there that exported a lot of hardwoods.

Q: And there was a lot of oil.

SALOOM: A small amount of oil offshore. It was run at the time by Chevron. I've been out there, have taken a helicopter out and visited the oil fields, but relatively minor compared to Angola or Nigeria.

Q: I think of Zaire at the time of Mobutu running an extremely corrupt regime and milking industry. How was this working at the time? You need skilled people, and you've got to get a return on invest in the infrastructure and all that.

SALOOM: A lot of the corruption stories I'm sure are true. During the time that I was there, there was a concerted effort to stick with the World Bank-International Monetary Fund thing. This meant that companies like Unilever, for example, which had been in Zaire for many, many years, looked at this new environment and said, "With a realistic exchange rate, with these new economic conditions following the International Monetary Fund and World Bank, we can invest like crazy." And they did. They invested. I visited the palm oil plantations, and they brought in scientists from the Far East who were cloning special oil palms to produce more oil. They expanded and built new factories to process oil to make soap and cosmetics. Clearly it was a high-risk environment, but it was less high-risk than it was either before or after, so in relative terms it was booming.

Q: What had caused this move up to basically an efficient economy?

SALOOM: "Efficient economy" would be perhaps overstating the case, but relatively more efficient than it was. That's a political decision. Why is it that Mobutu decided that he would take the advice of the World Bank and the International Monetary Fund more during that period than other times? I wish I could tell you.

Q: The sort of things that one thinks about is the investment in the infrastructure, getting it a proper work force, and then being able to market their stuff without everybody coming in to grab their take. These were in fairly good shape then?

SALOOM: Everything's relative. I made it a point during my entire foreign service career to visit a company, a plant, or a bank, at least periodically to stay in touch with what's actually going on in the economy. I had found that both in developing and developed countries this gave me intelligence about trends at least a year before I would see them in statistics. I visited plastic factories run by Pakistanis and bread factories run by Greeks where there is this major capital investment during this period to increase production capacity and productivity.

Q: How did you find the ministry when you went there? You talked about IMF positions.

SALOOM: The Central Bank operator was experienced and brilliant. There were a series of ministers of finance, all of whom were quite competent. They knew exactly what they were doing. If they were doing something that was out of bounds for the International Monetary Fund, they were not doing it for lack of skills.

Q: Did you feel the hand of Mobutu and — I don't want to use a pejorative term — the cronies relatives? Were they in the system?

SALOOM: Mobutu certainly had his faults, certainly was corrupt, but he was a brilliant politician. His cabinets normally were an ethnic and geographic mix that was designed to

foster national unity. Governments were never exclusively of the president's ethnic group or region. I don't know if that answers your question. You can still be a crony and be of a different ethnic group, I suppose.

Q: Were there people who were mainly there to take a certain percentage?

SALOOM: I would argue that it is kind of the national sport, and not exclusively limited to particular officials. It's the rules of the game. When you're minister of X, your home village gets a new school or something. It's not like in some other countries that I was familiar with where it's a small clique that takes an inordinate share of the spoils. The spoils were reasonably broadly spread.

Q: In other words, it's one form of distribution of income.

SALOOM: Yes, equal opportunity graft.

Q: Which in the meantime worked.

SALOOM: It did for a long time.

Q: In this time were you encouraging Americans to invest, or was there anything to invest in?

SALOOM: We were advising Americans of the investment conditions.

Q: Did you travel? It's a huge country.

SALOOM: I traveled extensively from Gbadolite, which is on the border with the Central African Republic, down to Soyo, which is next to the border with Angola. I visited eight projects with Peace Corps volunteers. I took a trip once over land from Goma, which is far east central, and took a car trip with one of our U.S. Agency for International Development (USAID) colleagues in the Land Rover all the way down to [unintelligible]. I've been to most of the important economic installations. I've been to the industrial and artisanal gold mines. I've been to the Fuji mine in Kasolo, which is where the artisanal miners work. I've taken my little helicopter out to the off-shore rigs. I visited the fort in Makati. In fact, I got to be chargé d'affaires when a U.S. naval vessel came to the port of call in Makati, which was a lot of fun. I haven't been piped aboard before or since.

Q: I got piped aboard the aircraft carrier John F. Kennedy...

SALOOM: Did you really!

Q: ...as consul general when I was in Naples.

SALOOM: Really! It's cool!

Q: Oh, that's great! What the hell! Was the Angola war going on?

SALOOM: Big time.

Q: How did this play on your...

SALOOM: I was the economic officer, so it only really played on me when I got to be chargé, which was for probably three months. It was one of the more paradoxical situations I've ever seen in my career, where you had the United States supporting guerillas whose objective was to blow up oil installations operated by U.S. companies in Angola and guarded by Cubans!

Q: I always have to be careful on these. Zaire had the reputation for a long time of being a country where the influence of the CIA was very strong. Mobutu had very close ties. Did you sometimes feel that you were as chargé being bypassed by any...

SALOOM: I was only chargé for three months, and it's been my experience in diplomatic service that economic officers as a rule tend to have fruitful relationships with colleagues from other agencies for the simple reason that an awful lot of economic information is simply more easily obtainable publicly than in more difficult or unconventional ways.

Q: In a way you weren't challenging or...

SALOOM: If you walk in the front door and get an answer, why would you have to worry about getting it any other way?

Q: How were statistics there?

SALOOM: Not bad for the central bank in terms of actual economic statistics. The financial system statistics were okay, more known for measuring physical things in the economy. Very difficult. Communications and transportation were such that reliable collection of economic phenomena much outside the capital were very difficult. On the other hand, financial activity took place more in the capitol. You get pretty good central bank statistics.

Q: How did you and your wife find the Kinshasa?

SALOOM: We had such a lovely home overlooking the Congo River that when we came back to Washington, it took us ten years to find a house with a river view. We finally did. We were so smitten with having a river view that we undertook major efforts to find the same when we got back. Some of the most pleasurable hours of my life was being spent with Zairians. They are a charming, lively, delightful, warm, friendly, creative, intelligent people, and I adored spending time with them. At work there was a certain element of unpredictability.

Q: By the time you left in '87, did you see clouds on the horizon?

SALOOM: Yes, more a feeling than an observation. You know, can this last?

Q: Did you get any feel for Mobutu?

SALOOM: Actually, for the four years that I was there, I was the interpreter whenever we had high level visitors. Other than the ambassador, I probably spent more face time with Mobutu than anybody in the embassy. The man was a presence. When he walked in a room you could feel it. He knew his country better than any other politician. He may have had to exercise a certain amount of discretion. Only in extreme cases, when he couldn't do it in a more politically skillful way, which he normally could.

He kept everybody off balance. The prime minister would go from being prime minister to jail. Cabinets would be shuffled all the time. Spoils would be divided different ways. The one thing he did, which lasted for his time, was creating a sense of Zairian-ness, a sense of national unity. When I lived there, people didn't first identify as being from a specific province. There was a real sense of, "I'm a Zairian." From what I read, that's now gone. Every comparison is compared to that. Zairians were a lot better off during the four years that I was there under Mobutu than they are today. Does that make Mobutu great? No. He's venal, and he had all kinds of problems, but the country was in better shape and the citizens were in better shape than they are right now.

Q: We all can know that this sort of thing happens, that you get outside critics, Americans or others, who come in. Did you feel that people were coming in and saying, "Look, this is a corrupt regime. They don't have elections?"

SALOOM: All of that. There was huge criticism of Mobutu. On the other hand, remember, that was still the middle of the Cold War. We were on the front lines, and Mobutu was our ally in beating back the Red Menace. This is when Time magazine had depicted the world with little red splotches, and where the communist menace had taken over. In what was then the paradigm of foreign affairs, Mobutu was our ally and in this case corrupt was helpful.

Q: In '87 where to?

SALOOM: Niger. We looked around for a tandem assignment. When you look for a tandem assignment and your wife is a foreign service nurse practitioner, you first look at her universe and then you look at yours. The only place that had a tandem assignment for a FS-1 economic officer and a foreign service nurse practitioner was Deputy Chief of Mission (DCM) in Niger. Who should be the ambassador in Niger but Richard Bogosian, my office director from the office of aviation. It was going to be either Washington or Niger – the only overseas post that worked. As luck would have it, I went off to be DCM in Niger.

Q: From '87 to...

SALOOM: To '90.

Q: What was Niger like at the time?

SALOOM: Extremely well run, poor, but honest — a stark contrast in that sense to Zaire, which was exceptionally wealthy and corrupt. Also in stark contrast to Zaire in that it's a desert people. , They tended to be very reserved, in dowries, perhaps, overdoing it, but not gregarious and outgoing, not like the Zairians.

Zaire, when I was there, had 400 bands, and they didn't start playing until midnight. This is not Niger. It was serious, well run, poor country. It was on the edge of the Sahara, and perpetually on the edge of survival. It had the only U.S. Agency for International Development (USAID) mission that I ever experienced that had a permanent disaster relief unit because if it didn't rain there was a drought, and if it did rain there were locust. You knew there was going to be disaster, you just didn't quite know which one it was going to be.

I was DCM, so I did a very different sort of job. I spent a huge amount of time with my various mission sections, visited mostly Peace Corps volunteers. I was very involved in mission management. It was not a tiny post. We had 20 full time Americans in the embassy, 20 in the USAID mission, 40 contractors, a USIS cultural center. It's a full-service mission there with military assistance.

Q: Peace Corps?

SALOOM: Yes, 100 Peace Corps volunteers.

Q: What were they doing?

SALOOM: Agriculture and health largely.

Q: What type of government did they have?

SALOOM: They previously had a military government, and were transitioning to democracy, but had not had elections by the time I left. It was a military officer who was in charge.

Q: Did you ever have fun and games there?

SALOOM: A little bit. Not in any major way.

Q: In Niger did they have any neighboring problems with other states?

SALOOM: It's reasonably quiet. There was some concern about the Libyan border. One military assistance project was to go to an airfield in a place called Dirkou, which is way

up at the Libyan border. I had the pleasure of inaugurating this airport with the chief of staff of the military. It was in the middle of nowhere; just miles and miles of nothing.

Q: What sort of an economy does it have?

SALOOM: Subsistence agriculture and uranium. Its exclusive export product was uranium.

Q: At one time I remember back in the late '40s, early '50s uranium was supported to be sort of a great thing.

SALOOM: But then you could hardly give it away. There was a lot of product.

Q: Were the people cattle herders or camel herders or what?

SALOOM: Subsistence agriculture, the main grain crop was millet. There were herders as well, but probably most people were subsistence millet farmers. The main source of income for the country was receiving aid. The main source of foreign exchange was aid.

Q: I would imagine with having a perpetual aid program, it must have been a pretty efficient organization, wasn't it?

SALOOM: It was one of the most efficient organizations.

Q: You're saying the USAID program was...

SALOOM: It was one of those places where you gave them a dollar for aid, and you got a dollar's worth back to the population. It was a very honest, efficient, aid receiving bureaucracy.

Q: Were you trying to create anything there that would get them beyond being a recipient of aid or was there a possibility of so doing?

SALOOM: My personal view is that there were probably more people on that land than it could sustain even at the time I was there.

Q: Was the Acquired Immunodeficiency Syndrome (AIDS) crisis at that time?

SALOOM: It didn't exist then. AIDS was a total non-issue. That's one of the things I was very involved with in Zaire. The CDC (Center for Disease Control) and NIH (National Institute for Health) came out in the early '80s. I talked with Jonathan Mann, the guy who eventually became the UN's point person on AIDS and who subsequently died in a plane crash. They visited Zaire just when AIDS was beginning to be recognized as a disease, and set up a research facility. We got very good cooperation from the Zairians. Heterosexual transmission of AIDS was first discovered in Zaire, where there was

breakthrough research taking place. Some of my staff and I were intimately involved in helping them set up the project, and we negotiated with the Zairians.

(End Tape 2, Side 1)

Q: I take it there were no policy issues vis-à-vis Niger.

SALOOM: At the time there were not. The closest you got to a policy issue was we had one of the first successful prosecutions under the Foreign Corrupt Practices Act. There was someone in the Zairian air force who had taken a bribe from an American company. We got total cooperation from the Nigerians. They were as interested in prosecuting their guy as we were in prosecuting ours. We had folks come out from the Department of Justice and from the Federal Bureau of Investigation (FBI). They got complete cooperation and actually put an American in jail. I think he may have been one of the first successful prosecutions where anyone actually spent any jail time because of the excellent cooperation we had with the government of Niger.

Q: Was fundamentalism... I assume that Niger was mainly...

SALOOM: Overwhelmingly Muslim.

Q: Muslim. Was that at all an issue?

SALOOM: Not an issue. It wasn't on anybody's screen at that time.

Q: How about the Saudis? Saudis use their money to start up schools that turn out fundamentalist radicals.

SALOOM: It was not an issue at the time. The most conspicuous foreign aid project at the time was the Chinese stadium and a Chinese great hall. The Chinese built everywhere I've been in Africa.

Q: Other embassies were there. Was there much of a diplomatic corps?

SALOOM: The French were the big, the overwhelming presence, but there were other embassies. Germans, Dutch, Belgians, and obviously neighboring countries were there. I had particularly close relations with the Nigerians, whom I had found in my career in both the Middle East and Africa, pound-for-pound, the most diplomatic service with which I've ever worked. I was extremely impressed with their level of professionalism in Niger and in Zaire.

Q: You have to wonder. You hear about the Nigerians having this sense, but what do they do with it?

SALOOM: I don't know what they did with it, but I can tell you I have been consistently impressed.

Q: I take it you left. Sounds like you should have been pretty bored there.

SALOOM: I visited a lot of places. Niger was a real watershed in my career in the sense that it was where I worked with two wonderful ambassadors that believed it is more important to create an environment for people to excel than to excel yourself. We had several hundred guards. We had a hundred Peace Corps volunteers. We had 40 direct hires between the USAID mission and the embassy. We had 40 contractors. Making something that size run. We had major security upgrades: new buildings, new walls around the buildings, perimeter fencing. I was involved in the school board during a time that we were expanding the school. In isolated posts like that, you end up doing a lot of things that the mayor of a small town does. This includes management, personnel issues, administrative issues, such as making sure that everybody got their turkeys for Thanksgiving. Making an American community of that size and a diplomatic mission that had various components, military and other civilian aid, Peace Corps, culture, just making everybody play nicely and share their toys and keeping everybody together. Keeping everybody safe was not a major issue because there were no major security issues at the time, but just community management.

Example: The Peace Corps. As the last part of their training they did a home stay. They happened to do a home stay just at the time that drug-resistant malaria was coming to Niger. They completed their training, got sworn in, and then they went out all over the country. As it happened, the village where they did the home stay was infested with drug-resistant malaria. All 100 of them got sick at the same time.

Q: Oh, God.

SALOOM: Some perilously missed the death bell. Who worries about that? My wife and myself, the Peace Corps director. We ended up mobilizing in the community to go retrieve them. Every single American was dispatched to go get somebody and host a Peace Corps volunteer or two at their house. My wife, who was a Peace Corps medical officer, had the most difficult cases. Things like that happen.

Q: Okay, we'll stop at this point. Where did you go afterwards?

SALOOM: After Niger?

Q: Yes.

SALOOM: Back here.

Q: Where?

SALOOM: Back here at the office of monetary affairs.

Q: All right, we'll start at 1990.

Q: Today is the 26th of October 2007. Joe, after a hiatus, you were a year in beautiful downtown Baghdad. We'll get to that, your experiences there. We're going to pick this up. You were in the bureau of monetary affairs, 1990. You were there for how long?

SALOOM: Three years.

Q: It's not the "bureau" of monetary affairs.

SALOOM: Then office of monetary affairs within the bureau of economic and business affairs. It is the office that works most closely with the International Monetary Fund and the U.S. Treasury Department on macro-economic issues; that is, how the United States votes in the International Monetary Fund on various countries' economic reform programs.

More important than that, one of the duties of that job involved negotiation of the rescheduling and reduction of debt of poor countries that were unable to pay. This is the international monetary program. The international body that does the debt rescheduling for a fiscal debt is the called the Paris Program. It meets at the French Finance Ministry in Paris. It will only reschedule debts for countries that have a current program. The theory behind it being unless the country is undertaking a program to solve those problems, the country could get into a situation where it cannot service its debt. There is little point in the creditors making any effort to reschedule to reduce debt because the country would fall into the same problem again unless it had an economic reform program.

I arrived to be office director. I was planning on working for the deputy assistant secretary at the time who, at the time I applied for the job, was Bill Milam. I got there, and days afterward Bill Milam left to go off and be ambassador to Bangladesh.

Bill used to be our lead negotiator in the Paris club as the Deputy Assistant Secretary (DAS) of State for International Finance and Development. But we were then without a DAS for a year, so that job fell to me. I ended up being the debt negotiator for a year as the head of the Office of Monetary Affairs. The DAS position remained vacant for a year, after which they decided that since I was fulfilling a lot of those functions, specifically the chief debt negotiator function, that they would offer me the position of Deputy Assistant Secretary for International Finance and Development, which I took in 1991 and held from '91 to '93.

Q: I'm trying to get a feel for Washington. Why would this important job be left languishing?

SALOOM: I wish I knew. It was one that required significant financial background and expertise. It was a high enough position, the deputy assistant secretary, so it could have been either political or career. My guess was that it was demanding enough to require someone from the private sector who would have to have given a significant financial

sacrifice to do it, yet perhaps was not of a high enough profile to be attractive to someone in the private sector who, in fact, had those skills. They did not fill it with a political appointee. I had a year of doing a little more high-profile tasks of the deputy assistant secretary and after a year [they] decided I was the person to do it.

Q: Joe, what was your impression when you came in and did the IMF change how it was staffed, how it operated, its effects?

SALOOM: This was in the middle of the debt crises, and that was why it was really...

Q: Could you explain what the debt crisis was?

SALOOM: This is basically where you had a large number of developing countries who were unable to service their debt. This was not just the poorest of the poor – there were African and some of the major Latin American countries: Brazil, Mexico, and Argentina. We did a number of very high-profile debt reschedulings during this period.

We were talking earlier about the Gulf War. One of the biggest points we did was a very big debt reduction deal for Egypt, which was playing a key role in the coalition of the Gulf War. A good debt deal for them was something where we could use an economic tool to strengthen the coalition. That was one of the bigger deals that I negotiated.

Also during this period, Eastern European countries were coming out of the Soviet orbit, and the first of those was Poland. One of the real groundbreaking debt reduction deals that we did was for Poland.

Q: Had the block countries gone to the International Monetary Fund (IMF) rather than rely on their Soviet master?

SALOOM: To come to the Paris Club, a condition was that you had an IMF program. So yes, Poland had an IMF program. During this period, we also did the first debt rescheduling negotiation. Let me put it this way: It's hard to say who it was with. We started the negotiation with the Soviet Union and ended the negotiation with Russia! It's right during that period. Interestingly enough, the most complicated issue in that Russian debt rescheduling was figuring out who the debtor was. Obviously, the Soviet Union had broken into several independent countries. The question then became, "Who's the debtor? Who has responsibility for this debt?"

In effect, the Paris Club had to broker an agreement among the various new states to figure this out. It was relatively easy with all of them, with the exception of Ukraine. Russia said, "If we have claim to all the assets, we'll take responsibility for all the debt." Every country except Ukraine accepted that. The Ukrainians eventually accepted it, but it [took] six months of difficult negotiations between Russia and Ukraine brokered by the Paris Club to get to that result. Eventually having figured out who the debtor was, the actual terms of the rescheduling were not all that difficult. Russia is one of the relatively

few countries now... It is now a creditor, but it has also been a debtor, so it's one of the few countries that falls into both categories.

We had other issues like that with the breakup of the former Yugoslavia. That was particularly complicated because Yugoslavia was a charter member of the IMF and the World Bank, and had World Bank loans as well as special drawing rights in the independent monetary policy. A key policy question, for example, was how to allocate responsibility for World Bank loans or special drawing rights? That was a protracted thing that ended up taking quite a long time to resolve. During that period, it was the first time we also introduced multi-lateral debt reduction for the poorest of the poor developing countries.

So, it was an exciting time. I went to Paris 43 times in the course of the three-year assignment, and don't let anybody tell you how glamorous it is. You start negotiating at 9:00 in the morning and very often it goes all night, and then you start at 9:00 the next morning for the next debtor. In fact, for some of the big negotiations, they would take two or three days.

Q: Let's talk a little bit about it. In the first place there is, I assume, I see offices around here, an IMF bureaucracy which deals with these matters. How did we work with them? Was this a problem? I'm talking about during your time there.

SALOOM: Treasury has the lead on IMF issues. The U.S. executive director to the IMF comes from the treasury department. The U.S. State Department relationship with the IMF was, in effect, via the U.S. Department of the Treasury, who had the lead for international financial policy at the time. The under-secretary was David Mumford. Because treasury had made debt policy, but the negotiator at the table in the Paris Club came from the State Department, I had to have a very close daily working relationship with treasury. The financial policy guidance to the executive director of the IMF, which really is how we make our policy known, was directed, in most instances, by the under-secretary for international affairs within the treasury department.

Q: What was our stance? This was the Bush administration. What was our stance on debt and the monetary fund? It can vary by administration.

SALOOM: It varies less than you might imagine. The idea was one that has been in place for most of my career, and I've covered these sorts of issues overseas and from Washington. The fundamental principle was one of conditionality. Basically, debt rescheduling, and assistance in general, should be conditioned on sensible economic policies. Unless a country is willing to undertake sensible economic policies, put in sensible market-oriented economic frameworks, it doesn't matter how much money you provide – it's not going to work. That was certainly the policy at the time that I was deputy assistant secretary. When I look over my career, that has been a fairly consistent policy.

Q: Did we look upon this whole debt business and have concerns about what we were doing? Today every time one of the international monetary organizations gets together, there are anarchists or somebody getting out on the streets and protesting. Beyond that, there have been serious concerns about we're strangling the baby in order to save it. We're making demands that essentially can't be met, and it makes a government weaker. Was this something that was going on when you were doing this?

SALOOM: There was always a sensitivity. One of the things that the IMF routinely requires is reduction of subsidies. There certainly was concern. For example, in Egypt, if you reduce subsidies and raise bread prices, the staple of the poorest of the poor in Egypt, what destabilizing effect could this potentially have politically?

At the time I was doing this from '90 to '93, I could walk from my office up to the bank for meetings, just over a few blocks. There were no particular security issues, and there were no particular crowds. It simply wasn't that big of a popular, on the street political issue as it is now.

My personal take on this is if you have unsustainable economic policies, you're going to end up hurting the poor anyway. If you have subsidies that you simply don't have the revenue to maintain, they are unsustainable, and eventually they're going to stop in a chaotic and more destructive way than if you had phased them out gradually.

Q: When you mention bread, "bread" and "riots" are words that are usually joined together. I would think that one could give bread a pass, I mean say, "In order to smooth the oils of reform, you can do what you want with bread, but let's work on something else."

SALOOM: Everything has to be worked out on a case-by-case basis. You have to look at the finances of the state and see what it can and cannot afford. I just got back from Iraq, and they had something called the public distribution system, where they actually provided rations that were certain basic staple foods to every family, whether they needed them or not.

Q: During Saddam's regime, which apparently was quite an effective package, wasn't it?

SALOOM: Not at all!

Q: Oh, good!

SALOOM: It actually cost the government about five times the market price to deliver the same amount of food. If they had simply passed out the money, if they had passed out a fifth of the money that this program cost, people could have purchased the same amount of food. USAID would have developed a huge employer in the private sector merchant class to provide these goods. In general, when having the government provide something that the market can provide effectively, the citizens are generally better off if the market

can provide it. There are certain things markets don't provide well, but bread is not one of them. Bread is something markets do pretty well at providing.

Q: How did you find your compatriots at the IMF? During the time you were there, were you working well together?

SALOOM: Again, it was relatively indirect. The people who actually worked directly with IMF were people at the treasury. We would go over often for briefings on particular countries that we were especially interested in. For example, when we had to do debt rescheduling, we would go to try and understand the IMF program so we could understand how much debt relief was actually required for these countries to get back on their feet financially.

Q: Did you find something wrong in any particular countries, one way or the other, of either debt rescheduling or other types of IMF work, any ones that particularly engaged you at that time?

SALOOM: It was very important because it was during the Gulf War, and it was cementing the coalition. Poland was interesting because it was extremely important that the first country that had the courage to undertake an economic reform program should get the support that it needed to succeed. Russia was very important. Two very large countries involved in solving the debt crisis were Argentina and Brazil. There were also many billions of dollars.

There were others. I worked with Mr. Armitage at that point.

Q: This was Richard Armitage?

SALOOM: Richard Armitage who was most recently deputy secretary. At the time he was the special negotiator for the Philippines. We had a debt rescheduling negotiation with the Philippines, in which it was very important that the United States play a helpful role. So, I worked pretty closely with him.

Q: This is not too long after the Marcos regime had been overthrown, and we wanted to be helpful there.

SALOOM: There were other negotiations. There was a negotiation with Jordan, which because it was a very close ally, it was important to us that Jordan get an appropriate deal that it would help them. They were also negotiations in heavily indebted African countries.

Q: Let's talk about Jordan for a minute. I have just been reviewing some of the accounts that I've done with the Gulf War or 1990-91. Jordan was at odds with our policy for very strong reasons. King Hussein had a population that hated the Kuwaitis and was absolutely delighted with what he did. King Hussein was a key figure in the Middle East. Then what we were asking him to do, and that is strongly support our efforts to knock the

Iraqis out of Kuwait, it very likely would have destabilized... In other words, he probably would have been either forced out or killed. We were pushing hard. Jordan was out of favor with us with certain elements within the State Department. Did that reflect on what you were doing?

SALOOM: Yes, in '90 to '93. I don't recall exactly what the Jordan arrangement was, but I believe that that was relatively patched up, because by the time we did the Jordan negotiation, my instructions were to be helpful.

Q: That's interesting.

SALOOM: I don't think it did much lasting damage.

Q: King Hussein being such a key figure. There was a very rough patch just before and during the war, but almost immediately thereafter he said, "Let's get back to where we were..." How come Argentina and Brazil got into such a hole?

SALOOM: It borrowed more money, then it couldn't repay and followed economic policies that were unsound.

Q: You're sort of shrugging! This is what you're talking about. This is the same thing as your home town banker would say if you invested in real estate today.

SALOOM: Sure. They made some unwise financial choices.

Q: Did you find yourself under pressure from the geographic bureau saying, "You've got to be kind to country X because this is..." Every country is vital if you're in a bureau. Was this a part of your daily life?

SALOOM: Absolutely. I was stuck between treasury, who insisted on discipline and sensible policies, and the regional bureaus, who said, "Give them a good deal. They are our friends." That was the balance. What was difficult with the regional bureaus is dealing with something that might have seemed to them to make sense for their particular country. I had to look over the horizon and see what other negotiations were coming along. If we agreed to one set of conditions for one country, then you had to realize that it set a precedent in Paris Club and, therefore, we would then be forced to do the same thing. Benin wants a certain treatment, but what if we cross the line rescheduled debt that had been previously rescheduled? In Benin's case three million dollars, and who cares? But if we broke that precedent, it could be billions of dollars in a negotiation I could see coming three months later with Brazil. Holding the line on Benin, when you look at overall U.S. interests, was something that was just absolutely essential. But if you're the Benin desk officer, it may not look that way to you!

Q: What happens if you say, "Okay, Benin, you've got to pay three million dollars," and Benin doesn't have it.

SALOOM: They default. They fall into arrears.

Q: So what happened at the time?

SALOOM: There are serious incentives to stay current. One of the things that happened to me in Zaire quite a lot was due to something called the Brooke Amendment. It stipulates that if you're more than one year in arrears on your repayments to the United States for foreign assistance, then you can't get any more aid.

Q: Were some of the countries in such positions that no matter what they did, they weren't going to be able to come up with the three million dollars?

SALOOM: Actually, the way the Paris Club works is the IMF does a balance of payments [analysis] and says, "Here is the balance of payments financing gap. Here is what they were capable of paying." What the Paris Club does is it takes that as its target and reschedules that amount. The whole idea of the Paris Club is that we should give the debtor something that is, in fact, feasible, reasonable, and manageable for them to pay. The idea is precisely to avoid the kind of scenario in your question. The methodology is to have the impartial international arbiter of the Fund tell the creditors how much debt relief they have to give, and that's the amount of debt rescheduling.

Q: When you get right down to it, you can't particularly foreclose on Benin and open it up to some other bidder. Who wants to buy it?

SALOOM: And also, there's no such thing as Chapter 11 for a sovereign country.

Q: The banks make it bankruptcy.

SALOOM: Chapter 11 is bankruptcy. There is no such thing as bankruptcy of a sovereign state. There's always a successor state, and the successor state, by definition, has responsibility for the debts of its predecessor.

Q: Could you talk a little bit about the Paris Club and the dynamics there?

SALOOM: When I was there, it was 18 countries. It was basically Organization for Economic Co-operation and Development (OECD) countries. It's basically U.S., Canada, Western Europe, Japan, and now Korea. These were basically the countries that provided both aid and export credit loans. They were normally represented by finance ministry people. There were only one or two countries where the head of the delegation was from the foreign ministry. The idea was to look at non-liquid countries and say, "Okay, fine. They can't pay all the debts they're scheduled to pay. How do we, as creditors, maximize repayment by giving them something that is, in fact, feasible for them to repay?"

You meet in it usually once every three weeks or a month in Paris. It starts out with what's called a free zone, where we've gone through developments in countries around the world. Who are we looking at? What have we recently rescheduled? What's coming

up? How are things going with the IMF with these various countries? We went through 20, 30 countries in a tour, and then we would do however many reschedulings were up for that week – usually on average it would be three.

The way it worked was you would have all the creditors around the table. The debtor would make a presentation, the IMF would make a presentation, and the United Nations Development Programme would make a presentation. Then it would go off into a room. The French chair would sit there. The debtor would make a request. We would make our first offer, and the French would take our first offer back to the debtor, huddle, and discuss it.

Q: The French acted as intermediaries and chairmen.

SALOOM: Chair and intermediary with the debtor. Paris Club operates by consensus. Any one country can block any deal. As a practical matter, really it was only the United States. It could be seventeen to one. We wanted it our way; we were among the relatively few who could dig in our heels. At least that was my experience at that time, given the political constellation in Washington.

It would go back and forth, and then eventually – usually at two or three in the morning – sign a deal, and my treasury buddy, the person in the embassy who covered it, and I would find some all-night restaurant and get dinner. One of the things I did from my Paris Club days is I figured out where the all-night places were!

Q: From purely your perspective, were there any Paris Club countries that were “burrs under the saddle” (a constant irritant)?

SALOOM: It depended on the negotiation, who had money on the table. I couldn't tell you that one was regularly more troublesome than the rest.

Q: There wasn't one country that when they'd raise their hand everybody's eyes would roll up?

SALOOM: No, it really depended because different creditors had different stakes in different countries, different political relations with the countries, and different economic interests in different countries. There was no country, with the possible exception of the United States, that was routinely willing to stand in the way of a consensus.

Q: Did Africa present any particular problem?

SALOOM: Africa had a very large share of the poorest of the poor, for whom we negotiated the first debt reduction terms. I think it's called “Toronto Terms” in the Paris Club. As a group they were ones that generally needed the most generous terms, but there were no problems involved. They were simply cases that required a lot of debt relief.

Q: Did you find either Congress or the White House breathing down — it wouldn't be just your neck, obviously treasury — but were they watching what was going on or was this much of an issue?

SALOOM: Poland, Russia, Egypt, absolutely. Philippines. Very much so. But “breathing down your neck” in the sense I think everybody recognized what needed to be done. The entire time I did it I never got a call from anybody at the White House. If they were calling anybody, they were calling the treasury, and then the treasury was calling me. I think only one time in three years I got a call during a negotiation, and it came from the State Department. All the other times it came from Dr. Mulford, who was the under-secretary of the treasury at the time, and currently the ambassador to India.

Q: In '93 you left this?

SALOOM: In '93 I went out to be ambassador to Guinea.

Q: You talk about your trips to Paris. What did it do to your home life?

SALOOM: I longed for my parents and never saw my family. It was very physically demanding. Frequent travel disrupted the natural body rhythm, which seemed to be perpetually over the mid-Atlantic. You barely get over jet lag and then you go again.

Q: I'm just curious about the system. Was somebody in the medical world looking at this problem or saying, “We can't let Joe do this too much,” or something like that?

SALOOM: The only person in the medical program who was doing that was my wife who was a foreign service nurse practitioner! But nothing official, no.

Q: This is a toll that isn't often acknowledged.

SALOOM: It is, and it had a physical toll. My back started bothering me, put on weight. When you're gone out of the office that long, too, when you get back there's also an amazing amount of work waiting for you. While we'd been focusing on this discussion at the office of monetary affairs, the deputy assistant secretary (DAS) also covers the office of investment affairs, and I also was engaged in supervising negotiation of bilateral investment treaties, multilateral investment treaties, and our dealings with the Organization of Petroleum Exporting Countries. The DAS also supervises the office of development and finance, which deals with the World Bank, the regional development banks, and the Export-Import Bank of the United States. When I was back here my focus was by no means exclusively on the IMF and debt. There were lots of other things that I had to be engaged in as well.

Q: Of these other things which ones, let's say, caused the greatest—not necessarily grief—but concern?

SALOOM: Probably the office that demanded the greatest amount of time was the office of development and finance. Much as we had discussed earlier about desk officers thinking that a loan for their country made a lot of sense, the treasury who would look at things with a very sharp eye to their financial viability.

(End Tape 2)

Q: This is tape 3, side 1 with Joe Saloom.

SALOOM: There are always controversies about loans. The bilateral investment office had strong leadership. Most of the time I didn't have to get involved in negotiating the treaty. For a while I had to be involved in negotiating intellectual property agreements. I ended up having to negotiate with the Koreans once in a particularly tough intellectual property issue.

Q: I would think issues that you've been describing would seem to fall within the need for long-term expertise, certainly at one level not a place where a foreign service officer would come in and out after a couple of years. Were you able at that time to have civil servants who had the real background and knowledge to deal with it?

SALOOM: I had a Paris Club civil servant who was wonderful. I'm not sure I completely agree with you. I had done this kind of thing working with the World Bank and with the IMF working on debt issues for four years in Zaire and for three years in Niger. A foreign service officer brings to this discussion a realistic sense of what's happening on the ground in these countries, what is and isn't actually feasible, and very close relationships with the IMF and World Bank representatives in those places. I think the combination of both field and Washington expertise that foreign service officers bring is, in fact, good preparation for those.

Q: In '93 you went to...

SALOOM: Guinea. The Republic of Guinea.

Q: You were there from when to when?

SALOOM: From '93 to '96.

Q: Where is Guinea?

SALOOM: Guinea is in West Africa. The capitol is Conakry. It was the first of the French colonies to become independent, and it has a fiercely independent streak. I got there in August, and the first supposedly free elections were to be held in December. Political parties had never been allowed to form under the dictatorship, first under Ahmed Sékou Touré then under Lansana Conté. When the lid was lifted off, there hadn't been a history of issues-based or ideology-based parties, so when the parties formed, they formed along ethnic lines. There were three major ethnic groups in the country, and three

major parties emerged – interestingly much like Iraq where ethnicity was the common bond. There was also not a tradition of distinguishing between political opponent and enemy.

During the period I was there, there ended up being a lot of riots, crime, and violent clashes between parties. When the elections were finally held in December, the International Foundation for Electoral Systems observer described that the published result did not reflect either the actual result or the political will of the Guinean people. It's a long story, but it was obvious to all observing the process that the results had been manipulated. Since those were the statements put out by the U.S. observers, it led basically to chilly relations between our two countries for the remaining two and a half years that I was there. However, that didn't mean we weren't extremely active.

For example, I played a valuable role in rebuilding small self-help local participation projects. Several times a month I would go to open up a self-help project, drag along a Guinean TV crew and give my little speech. Every time I'd go open something, they'd give me a robe and a hat, so I'd be out there in an African robe and a hat making my speech about how wonderful it was that this community had taken on themselves the responsibility to build a school with materials that we had provided or a clinic or whatever the thing was. It is the government's role in a democracy to provide certain rights to the citizens, but in a democracy the citizens have a responsibility to contribute as well. Look at these wonderful citizens who built school or a clinic or whatever. I was very proud of that program. For \$10,000 worth of materials that we would provide, they could build a schoolhouse with three rooms that held 60 kids each, an office, and a store room. We could have 180 kids getting a primary education off in a village that otherwise would not have had that opportunity.

Q: The government was unable and unwilling to do this?

SALOOM: The government had a very devoted minister of education, and we would not build a school unless she would be willing to commit to a teacher. I guess they didn't have enough money to build the school and pay a teacher. The major advantage of the way we did it was that we only provided materials. We would only provide the materials to places that were willing to do the local work themselves, such as bringing the sand and gravel from the river or cutting the wood that they needed for the schools. We would provide things that required cash income, which is what they were very short on. We would provide cement, we would provide paint, nails, metal roofing, and louvered metal windows. That's what a normal school in Guinea has. We would build lots of these little health centers and schools.

Q: You said relations were chilly with the government because it didn't have a real democracy. What did you do? Who was the president? Did you have access?

SALOOM: The president was Lansana Conté. I didn't seek much access unless I had some instruction to do so. It was one of those things. Our USAID program was slashed after the flawed elections. There was a certain amount of distance. I would show up. One

of the common things in Guinea is whenever another chief of state arrives, they drag all the diplomatic corps out to the airport, unlike many countries where it's just the foreign minister. I had a chance to go see a high-level Guinea official frequently at those sorts of things. We carried out normal diplomatic business. When we had a *démarche* to make or a request of some kind, I would go see the foreign minister. It was correct, but not warm.

Q: What was the role of the French? The stories about when the French left because they said Touré had repudiated them by taking out the light sockets and faucets.

SALOOM: Exactly.

Q: That was back in what, the early '60s?

SALOOM: It had normalized with the French. The French – who seemed less concerned than we were about the quality of the elections – were, by far, the largest donor country, and had the largest foreign and diplomatic presence in Guinea. They supported a fairly large French school that my son attended for a year.

Q: Did we have any interest in it?

SALOOM: Yes. Guinea is the Saudi Arabia of bauxite. There is a company that has significant American ownership called Compagnie de Bauxites, CBG. I believe it's Alcoa Corporation (Aluminum Company of America). Actually, I think every major international aluminum company has some percentage of CBG.

Q: The Canadians have....

SALOOM: Alcan has some. Alcoa has some. There's a Norwegian company that has some. There's a French company that has some. There's an Italian company that has some. It's basically a Who's Who of the aluminum business that are the shareholders in CBG. Although CBG has the richest, easiest to mine, closest to a port, bauxite in the world, it was a total enclave. It was up in its little compound up in the north. Other than providing most of the export receipt, it did not have much interaction with the rest of the countries' political and economic system.

Q: How were the revenues from this enterprise absorbed by the government? One, were they getting their fair share and two, were they spending it wisely?

SALOOM: It's difficult for me to make a value judgment on how fair or unfair their share was. They had been in this business for many years and had highly trained people, so my guess was that what they got for the bauxite was a function of what the national ruling prices were. I can assume that if it were out of line, they would have changed it. As I said, they had good experts on this.

Q: This is Guinea.

SALOOM: Guinea, yes. I'm not sure where else you want to go with this. Did they spend it wisely? They've had to have their debt rescheduled, so I would argue that their fiscal management was lacking in some ways.

Q: Was Guinea playing any role in these multi-national forces trying to address problems in Nigeria and Sierra Leone?

SALOOM: Liberia. A small contingent in Liberia for a while. They were a huge recipient of refugees both from Liberia and Sierra Leone. At one point 10% of the population were actually from either from Liberia or Sierra Leone.

Q: Were the Guineans in the West African scheme of things, did they play a particular role? Some groups of it are the merchants or the civil servants or the technicians or something. Did they go out to the countries much or did they pretty much stay at home?

SALOOM: Huge numbers of Guineans went all over the region because of political persecution. Various ethnic groups do various things. Fulani is probably the largest single group. There are Fulani throughout West Africa.

Q: This is essentially a tribal group.

SALOOM: Yes. The Pular in French, Fulani in English. You find them throughout West Africa. They are particularly renowned. In fact, there's a big group of them in New York as a merchant class. Then there were what they call "malakai," in French, who among other things are very famous for having "griots" (singers or storytellers). A "griot" is a person hired to sing the praises of the chief. The modern analog is that a lot of folks in this ethnic group can be very successful musicians and singers.

Q: How was social life there for you?

SALOOM: We were invited out frequently to diplomatic functions and, obviously being ambassador, I made a very special effort on American holidays to do things for the American community. When I would go to inaugurate all these special self-help projects, they would often give me a goat or a sheep. I'd take them, have the staff slaughter them, and put them in the freezer. Several times a year we'd have a major awards ceremony for the embassy, and we would take out 10 sheep and invite all the families of the Guinean employees, and just really have a huge feast. I'm not sure that fits in your social category!

Q: Absolutely!

SALOOM: We were quite busy. One of the great things about isolated places like that, and it was true in Niger as well, is you make your kids' Halloween costumes, you make your own Christmas festivities, you invite those people who don't have something else to do for Thanksgiving dinner, and when you're ambassador or DCM in those places, you're kind of like the mayor of a small town, It was fun.

Q: Is there a Peace Corps there?

SALOOM: A hundred volunteers, and I visited each one at their site.

Q: What were they doing?

SALOOM: There were English teachers; there were public health people; there were agriculturists. That covers most of it.

Q: Were they well received?

SALOOM: Exceptionally well received. Whatever was going on in political relations, there were warm personal relations with the Peace Corps out there.

Q: The Cold War – by the time you were there, the Soviet Union was gone. Was there a Russian presence, or did you see that this was having a different effect in the African world than when you'd been back in Zaire?

SALOOM: It was dramatically different. The Russian embassy was huge and largely empty. The Chinese had built a gigantic structure, which was not as empty as the Russians, but which was not full. There were numerous other small socialist East Bloc countries that had had embassies which had subsequently closed. You could palpably sense the end of the Cold War and the end of Guinea as an area for east-West rivalry.

Q: I've talked to a number of people who were involved in Africa and ask them, "What were the Chinese doing?" Often the answer is, "Who knows?"

SALOOM: Every place I've been in Africa, the Chinese have always done at least two things: They had built a great hall. They did it in Zaire, Niger, and Guinea. They also built stadia – their hallmark projects.

Q: You kind of think okay. It's nice, but they have a very large staff. Did you have the pleasure of going and eating there?

SALOOM: I did. I would see the Chinese ambassador periodically and have them to my home, and I went to his place, and, indeed, he had a remarkable chef. I invited the Chinese ambassador fishing with me once. He was a small fellow. He caught a fish that was probably as big as he was! He was very happy and invited us over for dinner. Among other things, we had some of this fish.

Q: Was Muammar al-Gaddafi messing around there at that time?

SALOOM: In Guinea? Yes.

Q: Was Guinea Muslim?

SALOOM: More Muslim than anything else, but there was also a Christian minority.

Q: You were not up against — or were you? — a rather orthodox, strict Muslim society?

SALOOM: No. I'm not sure what the term is that would be appropriate. It was not fanatical. They were overwhelmingly Muslim, but not fanatically so.

Q: How about Guinea and its neighbors? Were there any problems there?

SALOOM: We had huge problems in Liberia; hence, the refugees. We had huge problems in Sierra Leone, hence refugees from Sierra Leone. While I was there, there was nothing particularly upsetting in either Senegal or Mali at the time. The troubles in Côte d'Ivoire had not yet started.

Q: Were you the recipient of Americans from Liberia or from Sierra Leone, or did they go elsewhere during evacuations?

SALOOM: That was really never an issue for us.

Q: What was Conakry like?

SALOOM: It's a city on a long peninsula. It's very unreliable for electricity. Poor sewage and sanitation. The checkpoint for coming into Conakry is something called Kilometer 36, which was 36 kilometers from the end of the peninsula. It was breathtaking because Conakry is a very ugly city in an unbelievably beautiful country. One you got past Kilometer 36, it was lovely. It's simply that the urban agglomeration that's Conakry had a lot of shanty towns, very poorly maintained infrastructure, very poorly maintained sanitation, garbage processing, and so forth. But it's a stunning and beautiful country.

Q: When you were there, were we trying to do anything to promote true democracy or was there an opportunity?

SALOOM: Certainly, our policy was such that it was quite clear that that's what we were promoting. We looked at what we should continue to do and what we should not do, in our USAID program, because it was clear it was going to be cut after the elections. One of the things that we — and when I say "we," I mean the USAID mission, the Peace Corps, the country team — decided and convinced Washington of was that if we were serious about democracy and development, the one thing that we absolutely needed to continue to do was our focus on primary education for rural girls. We didn't cut back at all on that. If you studied both economic and political development, the highest payoff you get for any development dollar is the first three grades for girls. It enhances agricultural production, nutrition, public health, economic development, and political awareness.

We kept another project: rural radio. We kept a number of other civil society building projects.

Q: Did you have any rapport at all with the president?

SALOOM: Not much. I got in the country and a couple of months later the United States was announcing to the world that he was not legitimately elected president, which put a pretty serious chill on relations. As is common in that part of the world, these things become personal honor as well. Obviously, I didn't tell the right story, and from his perspective, I'm sure that was exactly right.

Q: How did you find support back in Washington when you were working on the various projects? Was there much support for this or were there people saying, "Oh, you've got to beat up on them more," and, "Maybe you're doing too much?"

SALOOM: Well, we did. I'm a firm believer in leading from the field. When the foreign elections came out, we didn't wait for Washington to say, "Here's what's going to happen." The USAID director, the Peace Corps director, political economic chief, the DCM, basically the whole country team and I got together and said, "Okay. They are not buying the democracy agenda. What does it make sense for us to continue to do? How do we actually promote the United States' interests and the United States' agenda in Guinea, because it is easier to find consensus in the field than among various agencies in Washington? Let us figure out what makes sense, that they will take the same message to all our respective interlocutors using one message to everyone that says, "The entire country team thinks this is the right approach."

Our approach was basically cut USAID in half, from about 40 million a year to about 20 million, to continue primary rural education focused on rural girls. For every other project, and this was before it had become quite so fashionable, that we would not implement things through the government, but instead through non-governmental organizations.

Q: Self-help type. That's a different matter.

SALOOM: The self-help was a different pot of money, and that was basically unaffected because that went directly to local communities, but it wasn't much. At ten thousand a shot, you can do a lot of work even if you don't have a lot of money.

We put this together as a country team approach. We'll do public health through NGOs. We won't work with the government except primary education where you really have to. We sent that back to Washington, and since everyone in the mission was feeding back for their home agencies that this was a sensible thing to do, the path of least resistance was to say, "Oh, gee. They all agreed. Every agency out there is making the same recommendation that looks sensible. We'll say yes," and they did. We drove the process from the field. I would much rather give them guidance than receive guidance!

Q: Is there anything else we haven't covered? Were there any developments?

SALOOM: There was a coup, and there was a coup attempt. I was out of the country at the time. I was having an eye operation. Some junior officers rolled up a couple of tanks and leveled the presidential palace, which is three blocks from the embassy. I obviously hightailed it back as soon as I could. We had to evacuate the dependents and non-essential personnel, but they were back within two months.

It was very interesting. They leveled the presidential palace, grabbed the president, took him off to a military base, had a big discussion, and decided, "Maybe we'll leave him as president." I wish I had a more sensible explanation for it than I do, but that's what happened. He went back to be president and is still president today. I presume that by now he's rebuilt his palace. I visited it, and it was indeed leveled.

Q: I assume given our relations that you didn't have any significant high-level official visit.

SALOOM: Yes, which is also sort of a blessing, anyway! Marion Barry came to visit us.

Q: The mayor of the District of Columbia?

SALOOM: Yes.

Q: This was before he went to jail?

SALOOM: It was probably '95 to '96. I don't recall exactly.

Q: He was mayor, wasn't he?

SALOOM: Yes. But among other things, he went to visit his buddy Stokely Carmichael, who now has an African name.

Q: He was during the '60s one of the red hot...

[crosstalk]

Q: SNCC is...

SALOOM: Student Non-Violent Coordinating Committee.

Q: It was a rather radical African-American group, very important in the early '60s.

SALOOM: I think he and Miriam Makeba moved to a place called Dalaba in Guinea, which is a lovely town up in the hills. He still lives there and has taken an African name, a Guinean name.

Q: Did you visit him?

SALOOM: No, I never met him.

Q: He distanced himself?

SALOOM: As luck would have it, I never ran into him. I didn't seek him out, he didn't seek me out.

Q: Ninety-seven was it?

SALOOM: Yes.

Q: Where did you go?

SALOOM: In '97, I was asked to take over the economic policy staff in the Africa bureau covering economic issues Africa-wide. Among the other things that that office does is manage the special self-help fund Africa-wide, and work with treasury, the economic bureau, and the private sector on promoting Africa-U.S. economic relations. I did that for about a year.

I went over to talk to John Beyrle who then was the DAS in the economics bureau doing aviation negotiations. He said, "Gee, it's a shame that you don't speak German," because they had been calling him to see if he would be willing to go to head up the economic section in Germany. I said, "Oh, but I do speak German!" He said, "The strangest thing has happened today. The guy who was supposed to go as the economic minister counselor to Germany was picked to be a DAS in the European affairs bureau."

Here we are. This would have been April of '97. There's nobody else available. I said, "Excuse me, don't throw me in that briar patch. My wife's here, she's got a job. I'm half a tandem." He said, "Do you mind if I just tell them that you speak German?". The next day I got a call from John Kornblum, who at that point was assistant secretary for European affairs but was ambassador-designate to Germany. I had an interview with him and mentioned the situation. He said, "No problem. We'll find a place for your wife. There's a nurse position. Don't worry about it; we'll just do it."

After about a year doing this economic job, I went off as minister counselor for economic affairs. To terminate, I had to spend nine months in Bonn while my wife spent nine months in Berlin, and then we spent the remaining three and a quarter years together in Berlin.

It was extremely exciting work, an absolutely beautiful place to live. We were there for the introduction of the euro. We were in Berlin at the time that the federal government moved from Bonn to Berlin. It was a very exciting time to be Berlin. Huge reconstruction in East Berlin. You could see during the time we were there how the economic and political center had moved from the traditional Western side back to the traditional heart of the city of Berlin, which is between the Brandenburg Gate and Alexanderplatz.

Q: It was Stalin Alley.

SALOOM: It was both intellectually and professionally terribly rewarding, but it's also just very pleasant living.

Q: Joe, what I'd like to do is finish this interview. We're talking about the African economic job, and then the next time we'll do the German thing because I'd like to be able to give the German thing plenty of time. It's a very important, not only fun time for you, but...

SALOOM: It was. I'll tell you, being econ minister at a G7, G8 post, it's really exciting.

Q: The African job: You're out of Africa, but had you sensed that there was a difference in tone? This is fairly far along in the Clinton administration.

SALOOM: I went as a Clinton appointee.

Q: Being in the African bureau — when I say the Clinton administration vis-à-vis Africa. Was there any difference that you could think of, higher up the priorities, lower down, or business just as usual?

SALOOM: I had worked in previous administrations in Africa, and what I was in Zaire, which was considered very important and was on the front lines in the Cold War. Zaire had the largest U.S. embassy in sub-Saharan Africa, and we were paying serious attention to it. When I was in Niger, again, we built a larger embassy and we upped the USAID program. I would argue, then, during the time that I have been involved with Africa, which is a decade on the ground—more if you count Morocco as Africa—there's been fairly consistent level of interest there. I couldn't discern from where I was sitting dramatic differences about the administrations' priorities.

Q: Often it's not, but sometimes it depends. I just wanted to catch the feel. What were your prime concerns on the African economic side?

SALOOM: During the time I was in Washington?

Q: Yes.

SALOOM: It was very much a push that Africa was open for business, and that – while certainly we were doing what we could on the USAID front – seeing long term the real driver of progress in Africa would have to be private investment. We did a couple of conferences and worked with private sector groups who were interested in Africa.

I would say there were two thrusts (two parts of the same coin): creating a better investment climate and letting investors know there is a better climate out there and they should take a look at it. I think history has taught that Africa is not going to get better simply by greater infusions of gifts from governments.

Q: I think we'll stop at this point, and we'll pick this up the next time in 1998?

SALOOM: Ninety-seven.

Q: In 1997 you're off to Berlin for four years and going to change what the world was changing there.

SALOOM: It was.

Q: Today is the 17th of March 2008. It's an interview with Joe Saloom. You went to Berlin in 1997. Your job again?

SALOOM: I was minister-counselor for economic affairs, which is the third ranking position in the embassy. It had a number of sections reporting to me, an economic section, about a half a dozen global affairs sections which dealt with scientific issues, and other areas within the global affairs family, which included fighting crime. In that capacity, I was head of the law enforcement working group. The global affairs section also handled environmental issues, which were a major issue because that was, among other things, the time of the Kyoto climate change negotiations. That particular global affairs section also handled terrorism issues, so it was a very interesting portfolio.

If I could go through the other sections, we had a labor and social affairs section, which was one American officer, an office manager, and one foreign service national. There was an agricultural attaché and a financial attaché. There was a commercial attaché; however, a commercial counselor who reported directly to the DCM, but with whom we worked very closely. It was quite an active portfolio.

Q: I'd like to chop this off into the various components. I would think just the sheer plain economic side would be of extreme importance because this was when Germany was the powerhouse within Europe, and Europe was right in the midst of changing. How did we view Germany vis-à-vis the changes that were going on at the time?

SALOOM: You're absolutely correct. It was a very exciting time to be there. It was the time of the introduction of the euro and getting rid of the Deutschmark, which was a very traumatic thing for the Germans. Interestingly enough, it was a strong statement. Currency was something of which they were very proud, and to have the same currency as all the rest of Europe caused some angst among our German friends, but that ended up going very well.

One of the major areas that we had to deal with was several different issues on the economic side. Deregulation, especially deregulation of telecommunications and other network systems. By that I mean deregulation of electricity and natural gas prices. This whole issue of independent suppliers and what rates did the different companies have to charge them to use their networks, be they fiber optic, gas pipelines, or electricity networks. It was a time of some innovation and experimentation in deregulation in the

United States. A lot of exchange between experts. Ambassador Kornblum's motto to everyone in the embassy was, "I don't want you reporting events, I want you shaping events." There was certainly less emphasis on classical diplomatic analysis and reporting and much more on identifying issues that were common challenges in the trans-Atlantic partnership. He became, and we became, and he fostered our efforts to remain very active in some of these discussions. Deregulation was one of them.

Another one that caused quite a few ripples in the trans-Atlantic relationship was biotechnology.

Q: We're talking about "Frankenfood?"

SALOOM: "Frankenfood." Well, if you're German it's Frankenfood; if you're American it's "scientifically improved products." That was an issue. It was seen much more as a moral and sociological issue in Europe than it was in the United States, where in general it was seen by most Americans more on a scientific basis.

We did a lot of conferences on it and brought a lot of experts over. There were some World Trade Organization negotiations on the subject. We used our international visitor program to put together groups of Germans that included opponents, proponents, and people that were neutral to go over, maybe 15 at a time. We always included a clergyman of some persuasion.

Q: Why that? Germans are in the post-Christian era now, aren't they, like so many other Europeans?

SALOOM: That's true; however, this issue of genetically modifying food products was seen by a large segment of the German population as being a moral issue. We found that having the clergyman in the group to hear all the points of view in the United States on this issue was very useful, in terms of conveying completely our position on this issue.

Q: You're a German. What do you think about, and what's morally wrong with this? We've had cross-breeding of crops for millennia.

SALOOM: It may be an over-reaction to some of the abuse of experiments and the Nazi past.

Q: The French have it, though, too.

SALOOM: The French may have it for a different reason; this is, in fact, a factor for the Germans as well, but you hear very frequently that agriculture is more than just food production. It's protecting the land. It's protecting a scene of beauty. This is all wrapped up into a view of agriculture that is multi-functional, as opposed to having a single function of producing a specific product most efficiently and at the lowest price.

Q: This wasn't motivated by anti-Americanism, as I suspect in France. There was certainly that with José Bové and others. I suspect there's something of that.

SALOOM: I don't think so. Anti-Americanism was not prevalent in Germany at the time I was there. I left in 2001, and during the entire four years I was there we had quite excellent bilateral relations. I don't think this was a separate agenda.

Q: I have the feeling in France there is that, too. Anti-McDonald's and that sort of thing.

SALOOM: I never served in France, so I'm not an expert on that.

Q: I want to come back to this, but let's talk about deregulation. The Germans, they have rules for everything. They like everything in order. This is over simplification, but this is the system. Was this part of the problem or was it a mindset? What was happening, looking at innovative ways to spread the wealth and business around?

SALOOM: I think it was actually much simpler than that. You had people owning networks who have regulated networks and no competition for decades, if not longer. Much as in the United States if you've had a comfortable regulated monopoly, introducing competition is something that you're going to resist. I don't think there was more to it than that.

Q: I would think that you'd have a new generation of young Germans coming through the educational system who were very technically savvy and would be looking ways to bypass the old structure.

SALOOM: That was, in fact, one of the things where we had a lot of conferences to exchange experiences. When you have a network, the network is a natural monopoly: the larger it gets, the lowest the cost. The logical progression is to a complete monopoly. There were in the United States a lot of different things that were tried. Some worked better than others. What we tried to do was simply to share that experience with them, some of which was adopted, some of which was not.

Q: How does one go about sharing that experience?

SALOOM: Our implement of choice was to partner with some interested party – a national industry association, a chamber of commerce in an area where the industry was concentrated, a state government, the federal economics ministry – in places that had resources and facilities to hold conferences. Doing that we could leverage our resources. We didn't spend a lot of money renting out halls and that sort of thing. Virtually everything we did was a partnership with some German organization or other. Our contribution was bringing in people from the United States with expertise and experience with these innovative mechanisms.

Q: You're of a certain age, and you have young officers. Did you find that young officers in your section and elsewhere are a good source of saying, "Hey, how about this or that?"

SALOOM: Absolutely, much like I have my children repairing things that go wrong with my computer, my junior officers were much more technically savvy on all the deregulation issues, but especially on telecommunications.

Q: What about the computer and the information seeking? I guess Google or the equivalent, Yahoo? These are terms that probably will be obsolete by the time people get around to reading this. These are essentially search mechanisms to put you into the right place of what you want to do. Were there forces that were trying to limit this? How did this work within Germany?

SALOOM: The biggest constraint, interestingly enough, on internet use at the time that I was there, and I understand it's much better now or not a problem at all, was that almost everyone at that time — remember, we're talking about '97 — had dial-up internet. There wasn't much in terms of cable. DSL was just starting. Most people had their internet connectivity over the phone line. At the time there was no unlimited use telephone service in Germany. You paid per message unit. Again, at that time transmission speeds were slower. It was really quite expensive to use the internet because the meter was always running. At the time that was one of the major constraints. Now I'm sure there are lots of alternatives, but when I was there that was a major issue.

Q: Was this something we were working on? Had it been pretty well solved in the States by this time?

SALOOM: The United States has traditionally had unlimited calling plans for reasonable prices made available. There were not at the time unlimited calling plans in Germany.

Q: How about the other side? Were there innovative things coming out...a highly technical group of people in Germany? Were they coming up with things that we were interested in?

SALOOM: Absolutely they were, but there's been a lot of good literature written about this. The Germans have traditionally been very strong at incremental innovation, taking a product and making it two percent, four percent faster, better, cheaper, and truly refining the product. The technological leaps had to be made more by the United States even if it's Europeans working in the United States. Certainly, there were lots of these incremental innovations.

Take cars, for example. There were lots of these incremental innovations where the Germans were doing this better than we were, but creating entirely new industries and entirely new products was something that we were stronger in than they were.

Q: Was there a significant flow of young Germans going to the United States, not necessarily to immigrate, but at least going there and getting experience?

SALOOM: This was especially true among research scientists who found better conditions in the United States. In fact, when I was there the minister of research took at least one trip, that I am aware of, to go around to major research institutions in the United States and to explain to him how research conditions had improved in Germany, and to see if they wanted to come home?

Q: This is something even I can recall back in the '60s running into this as a consular officer, but apparently replicated all throughout Europe. People would go to the United States on an exchange visa and then come back and find themselves under "Herr Doktor" (Mr. Doctor), who had been there for 30 years and wasn't going to take any nonsense from these young squirts who were going to learn in American labs or what have you. They said, "We wanted to come back and do something for our country, but the hell with this. I want to go back to the States."

SALOOM: There was an interesting newspaper article over the weekend about how people with doctorates from the United States were not allowed to be called "Herr Doktor" in Germany.

Q: Yes, I saw that. If you have a European degree, you can be.

SALOOM: It used to be only German, but when they joined the European Union (EU), the EU made them recognize other Europeans, but they didn't have to recognize anybody else: a Japanese PhD or American PhD. They were not allowed to call themselves "Herr Doktor." There is an element of that.

On the other hand, the English-German states are certainly. I visited one in Bavaria that set up business incubators and encouraged hi-tech start-up companies that are affiliated with very sophisticated research universities. It's something that the Germans recognize that it is in their interest to make it easier for start-ups by giving them a greater scope for creativity in science.

Q: How much do we encourage investment in German firms by Americans?

SALOOM: We were pretty much neutral on that. We didn't go out of our way to encourage American companies to invest in Germany, neither did we discourage it. There were a number of U.S. states that had offices in Germany and in Europe, whose job it was to encourage German investment in the United States, and they were quite effective at it.

Q: How did we view on the economics side the integration of East and West Germany during the time you were there? How was that going?

SALOOM: I was there — in round figures 10 years in — and there had been a huge boost in investment. There were tax advantages, especially for real estate investment in the East

for West Germans. Well, for all Germans but specifically because West Germans took advantage of it. They had really overbuilt residential real estate. At the time I was there, despite transfers and social programs and so forth, the East was so considerably less prosperous than the West 10 years in. It's a process that's going to take a while.

Q: When Germany was unified and the Soviet Union fell apart, one of the concerns on the American side was that Germany would be the powerhouse in central Europe, and we would be bypassed, and thusly not have the opportunities for investments and return on investments in central Europe because the Germans would then be able to take it over. How was that playing out during your time?

SALOOM: There clearly was German investment into Central Europe, but I will tell you in the four years that I was there, I never heard anybody complain that they were somehow edged out of Eastern Europe.

Q: It was an initial concern, I remember hearing.

SALOOM: It must not have emerged.

Q: Well, I guess also the Germans had an awful lot of work to do at home, which took the thrust out of it. How much of a player did we find Germany in dealing with trying to bring the former Soviet Union and its various components up into the first world, you might say, of economic productivity and efficiency?

SALOOM: The Germans have always had strong ties with the Russians. I think of companies like Gazprom with gas products. German Chancellor Gerhard Schröder had close relations with his counterparts in Moscow. Those things don't reach the level of being bilateral relations issues with the United States and Germany. During my time in Germany, there was nothing going on that caused us to raise those questions. We had agriculture negotiations and climate change issues. We worked very closely with them to encourage them to be greater participants in the international space station.

We had Privacy Act issues. The director of the FBI came several times on my watch, and we went around and talked to his counterparts. On Privacy Act issues, for example, it was specifically our inability, under our constitution, to shut down Nazi websites in Texas. Things like that.

Who takes the issues? The hormones in beef issue was one that ended up being very difficult. The topic of genetically modified foods was very difficult. The age-old issue with the European Union on bananas has gone on for decades. I haven't been around it enough to know if it's solved now or not. I remember my labor guy did a wonderful conference on the changing nature of the workplace with the main trade union in Germany emphasizing the huge differences between the United States and Germany on labor force participation rates. Over a 20 year timeframe, we had a 10 percent increase in the labor force participation rates – that is the percentage of the working age population that's at work.

In the United States and Germany for men it stayed about equal. In Germany for women it stayed about equal. In the United States for women it went up about 20 points. Virtually all the increase in the labor force participation rates were the difference in women entering the workplace in the United States. There simply wasn't a comparable increase in Germany at that time, which is interesting, because German families have fewer children per family than American families.

The point is, we had a lot of conferences on those issues. For example, we had conferences on the challenges of an aging society. We, the Germans, the Italians, the Japanese, and other OECD countries face a lot of common challenges, such as how to deal with social benefits with an aging population? Military issues were no longer quite at the forefront, and we focused on the upcoming non-NATO trans-Atlantic challenges that our respective societies face together. There was space, climate, food, labor, and social issues.

Q: Was Germany in the same position as France? I'm familiar only because I used to watch French TV in Arlington. The problem of the French having such a system where if you try to start a firm in France, you couldn't get rid of the people if you wanted to cut down, unemployment benefits were such, and the long vacation hours. Was this a problem in Germany?

SALOOM: It was indeed a problem with the average number of hours worked per year. I can't remember the numbers precisely, but approximately 2,000 hours for an American and 1,500 for a German. It's that kind of difference.

Q: It's that difference. I suppose the farming issue was always the third rail of American-European relations. Everything else may go swimmingly, but as soon as you touch the farm. Were there still in Germany small mom and pop farms?

SALOOM: Absolutely, yes. The common pattern was still a village with lands around it and relatively small holders. One of the things that you notice – I was born in Illinois and my wife was brought up in Iowa – is how small the machinery is and how small the individual plots are. The average size German farm is some small fraction of what it is in the United States.

Q: Was it making sense in a way? Looking at it as a cold-blooded economist, to have a farm product or not, or did they do better to go to Argentina or Australia or Canada or the United States?

SALOOM: If you saw the sole function of agriculture as producing a product, it was non-economic. If you are European and you value the other functions, the fact that there are farms, the fact that it's scenic, the fact that there is a certain percentage of your population that are still farmers. Different societies value those things differently.

You can drive one of the more heavily populated areas on the planet from Frankfurt to Düsseldorf. The land use planning, the restrictions, the way you were on an absolutely magnificent drive, and you pay a little more at the supermarket for what you buy. It's not necessarily whether you are cold hearted economists; it's the issue of having to deal with externalities.

Q: Was there a battle over subsidies?

SALOOM: Yes. It all got wrapped up in the EU position in the WTO realm. The one thing that was different from my previous experience is that I generally dealt on issues in a bilateral manner, but the WTO training negotiations are virtually all done by the European Union, where Germany obviously has a voice, but it is one of many that has a voice. A very large part of that negotiation is done less bilaterally and less in all of the European capitals, though we did do parallel *demarches* and explained to them why we would like the EU to do this or that. It's not like trying to convince a bilateral government to do something on a bilateral basis. It's convincing Germans that they should use their voice and vote in the EU to advocate a certain position. That negotiation was basically migrated to Brussels.

Q: How do you view the unions at the time? Were they a political force, particularly as it affects the United States, or was it pretty much a local pressure group?

SALOOM: We had very cordial relations. Our attaché had excellent relations with the major unions as well as the major employer organizations. They co-sponsored conferences with us. As a practical matter, they were negotiating domestic labor contracts, and we never ended up in any conflict situations with the unions in terms of relations with the United States.

Q: The Italians and unions have broken up into Socialist unions, Communist unions, Christian democrat unions. Is this the case in Germany?

SALOOM: The unions in Germany tended to be very pragmatic, interested in labor issues.

Q: Not calling strikes on a moment's notice in order to show their support for Ethiopian independence or what have you?

SALOOM: Not in the four years I was there. They're a pretty pragmatic lot.

Q: On security issues: What were the perceived concerns we had in Germany, not just we as the embassy, but overall? Terrorist groups and all that. Was there much of that activity?

SALOOM: At the time that I was there, there was an attack by the PKK (Kurdistan Workers' Party) on the Israeli consulate in Berlin.

Q: This being the Kurdish Turkish...

SALOOM: Turkish Kurdish group. It was, basically, we were interested in cooperation with them on terrorism and law enforcement issues in general. We ended up spending a lot of time on privacy issues: what information could be exchanged and what could not be exchanged because the Europeans, and especially the Germans, had very strong privacy protection, so that ended up being an issue that took a fair amount of our time.

Q: Were we concerned that the privacy issues were impeding cooperation?

SALOOM: I'm trying to remember exactly what it was. Clearly, yes. The idea was we would like to exchange more information, and they were constrained by something they called "datenschutz" (data protection). There were things that we would exchange with other countries that somehow under German domestic privacy law they weren't allowed to share with us, but it was a few years ago, and I don't remember the specifics. The question was, "Isn't there a way that we can share more information?"

Q: I suspect that after the Al-Qaeda attacks that this has opened up.

SALOOM: This is all pre-9/11.

Q: Was Al-Qaeda a name that came up in your recollection?

SALOOM: The name that came up most in my dealings on these sorts of issues during my time in Germany was PKK.

Q: How were the Germans dealing with immigrants, the Turks, and others?

SALOOM: There were not a lot of new foreign workers in Germany, but you were on at least the third generation of Turkish workers; the second generation born in Germany. One of the big issues when I was there — and it wasn't a bilateral issue — is one we just observed from afar, but it was the issue of double nationality. The Germans said, "Certainly, if you're born in Germany, go to school here, live here, you can be a German citizen, but you cannot also be a citizen of the country of origin." That was a real problem because a lot of these children and grandchildren of largely Turkish descent, but there must have been others, but Turkish is what you would hear about. One had to choose not to be Turkish if one wanted also to have a German passport. That was an issue of some concern while I was there.

Q: In looking at it, were the Turks and others well integrated into the workforce? Again, I go back to France where people who had gotten into France from North Africa and African colonies have been excluded in all but the most menial of jobs, and there is large unemployment.

SALOOM: I've toured the car plants, for example. A lot of the foreign origin workers in car plants are Turkish. These are well paying jobs. There are quite sought-after jobs.

Again, you'll find second and third generation. I would say that they are more well integrated into the workforce than they are integrated into society at large. They tend to live together, eat at the same places, shop at the same places. It is kind of like Chicago. You go from one ethnic neighborhood to another. I used to tell my wife, "You can take a tour around the world in Berlin by going to this neighborhood and that neighborhood."

Q: Where was the embassy located while you were there?

SALOOM: Right off Neustädtische Kirchstrasse, in the building that was the former U.S. mission to East Germany.

Q: This is while they were building our embassy?

SALOOM: While they were building the embassy. We had parts of the embassy as well in what used to be the old U.S. mission to West Berlin. The consular section, agricultural attaché, administrative, management, and the economic-political section were all there. Most of the U.S. Information Service (USIS) was actually at the America House, which is near the Kurfürstendamm at the other end of town. It was fascinating to watch because what used to be the cool, really nifty center of town migrated almost instantly to where it classically has been in Berlin.

Q: Were there lots of building there?

SALOOM: Like you wouldn't believe.

Q: You got a little Stalin Alley and all that?

SALOOM: It was unbelievable. They built this gigantic mall and apartment complexes. The building in the former East Berlin was just fabulous.

Q: Were we having officers keeping a close eye on East Germany — Eastern Germany now would be the term — to see how it was coming along?

SALOOM: Because the embassy was in Berlin, and officers in Berlin could drive around anywhere as opposed to driving around the western part of the country when they were in Bonn, we had much more contact. We also opened a consulate in Leipzig and had a consul whose job it was to have outreach to the eastern German states. Just the fact that the embassy was there. I traveled extensively, both on business and personally, more around the eastern part of the country. It was closer, and it was interesting to see what the economic changes were. I think we were very plugged in to what was going on in the eastern states.

Q: Was there any feeling that Germany was losing its importance to American interests in that with the collapse of the Soviet Union we were not so concentrated on the situation there? We normally had all these troops there. Everyone of my generation, I had my time

in Germany in the military, and so many Americans did. Now it's a professional army, and it is deployed elsewhere. Did you feel that Germany was no longer as much center stage as it used to be?

SALOOM: I think if you look at the warp and the weft as the relationship with Germany that there are ties in every profession, there are ties in every business, there are ties in every educational institution that may be a result of this American presence that you were referring to in the past with lots of troops and so forth.

I did economic things, and there were very close relationships with businesses of all sorts. The higher the technology, probably, the greater. Academics all had partnerships with Americans. Huge numbers of Germans studied in the United States. There were fewer Americans who did study abroad in Germany than there were in the past, interestingly enough.

Certainly, in the middle of the Cold War, Germany was the front line. In that sense, do we have a more diversified focus? Yes, I think we probably do. Is Germany somewhat less at the center? Perhaps. Then it's still in everyday life of the Germans intense interest in, and very extensive connections with the United States.

Q: How did you view the political parties? At the time you were there it was what?

SALOOM: Mostly SPD (Sozialdemokratische Partei Deutschlands or German Social Democratic Party). It was Kohl at the beginning (Christian-Liberal coalition), and then it was Schröder. That's EU and then SPD.

Q: Was there any difference vis-à-vis American relations between these parties?

SALOOM: On the economic issues that I had to deal with, they were pretty consistent. The thing that most Americans don't realize is that what passes for a conservative party in Germany is way to the left of the Democrats here. As is the case perhaps in other places in Europe, the social consensus is for a much greater state role. At the time I was there government as a percentage Gross Domestic Product was at least 10 percentage points higher in Germany than it was in the United States.

The social compact was very much for a greater role for the state, for much greater social benefits, much greater protections for the citizens against things like illness and unemployment and so forth. In that sense, the things that I had to negotiate with them on both of the major parties tended to be to favor a much greater role for the state than either party in the United States does.

Q: How did Bosnia and Kosovo play when you were...

SALOOM: Other people did that in the embassy. I just refused. It was not an issue I ever got involved in. It was the political section and the political-military people that did it.

Bosnia never got on my screen, other than the fact that my wife who's a foreign service nurse practitioner had to go down and help them set up the medical unit in Bosnia.

Q: Was there much of an influx from Bosnia into Germany during the war?

SALOOM: Certainly not that I ever had to deal with, not that it never came up at an embassy staff meeting, and not that I noticed on the street.

Q: You must have had some treasury secretary, commerce secretary, also presidents, vice presidents. Everybody came to Germany, didn't they?

SALOOM: President Clinton came, cabinet secretaries came frequently, large numbers of senators and Congressmen.

Q: How did this play out? Has it been done so often that...

SALOOM: In an embassy the size of Berlin, these things have happened so much that you have specialists who have done this so many times before. Especially your German employees are quite experienced at this. It obviously takes a certain amount of time and organization, but there is a learning curve and if it's the 10th one, it's a lot easier than the first one.

Q: Did the withdrawal of so many of our troops cause any dislocation in Germany, or was it a sigh of relief on all sides?

SALOOM: I can only tell you from my perspective, where I was sitting, it never reached my level that people were complaining that troops were leaving.

Q: That's the answer.

(End Tape 3)

Q: This is Tape 4, Side 1 with Joe Saloom. You left in 2001?

SALOOM: Two thousand one, came back. At that time, I had a year left in my time class as a minister-counselor, so I was looking around. I didn't feel it would be fair to take a job for one year some place, so I decided that I'd do my year of community service, and I went to work at the board of examiners.

As it turns out, this was during the diplomatic readiness initiative. We were hiring many more people, and we had many more people take the test. Interestingly enough, right after 9/11 our applications to the foreign service just mushroomed.

Q: This was Colin Powell's doing.

SALOOM: This was Colin Powell's doing, basically to double our intake for three years to get back so we would have enough people to do things like training because we had hired below attrition for many years.

It was a fascinating time, both giving the test and, interestingly enough, we discovered a web site where a number of candidates for the test were getting on this candidate's web site that they had invented and posting the questions. One of the things we had to do a.) was to police that, but b.) to totally redesign the test in a way that made it modular so that unlike an exercise where if you know they're going to ask you question A, then they're going to ask you B, C, D, E, and F. We designed them so there were four options for A and five options for B and three options for C, and so forth. So no candidate would ever really get the same set of scenarios.

Part of the foreign service oral examination is a group exercise. We updated all of them and increased the number of possible scenarios; again, to make more modularity. We made it so that no two groups of people taking the test on any given day would have precisely the same permutation and combination of circumstances.

This did two things: One, it gave no one an advantage for cheating because what somebody else had is not going to be what any other candidate ever had. It also reduced the advantage of multiple testing, multiple takers. If someone had taken the test the third time, he or she would get a completely new test because of this modularity feature. You could be certain they wouldn't get the same thing as they got before, whereas if it had been under the old system, it was plausible that they might have gotten it. This was also a chance to update the test. The scenarios hadn't been updated for a number of years. Since we had to re-do it, we could refresh the material with more current issues. I was very pleased with that.

As it turns out, this group of us that were re-writing the test was in the middle of this when my year ran out. I came on in a "when actually employed" (WAE) status – and not as a contractor – for an additional year and did very much the same thing. Got to travel. It was a wonderful way to see the United States. I spend seven weeks in Chicago, a couple of weeks in Seattle, and a month in San Francisco on two separate occasions for two weeks because the test is given all over the country. That was a really interesting tour.

Q: What sort of impressions were you getting from the people coming to you? Were you seeing it personally as a generational difference or what?

SALOOM: I'll tell you, somebody must tell them that you have to look like an undertaker to take the test. The women and the men show up in dark suits. They're doing their best, I think, to look like they would fit into what they perceive the organization to be.

A lot of really motivated people. As I say, this is right after 2001. I had one applicant whose answer I will never forget. You always ask some of them, "Why do you want to do this?" She was a very successful person with one of these consulting companies,

working lots of hours, making lots of money. Her answer was, "I can't work this hard if at the end it's just about money."

You may say there are generational differences, but that would have been the answer I would have given. I had come from the high-powered MIT school of management. I could have gone out and done other things. There still is a big segment of folks out there who want to work on things that have income that's other than money. They want to go home and feel good about what they did that day. I think this especially came out after 9/11.

Q: Were you under any pressure to be extra solicitous with certain groups, minorities, maybe others?

SALOOM: No. We made sure that the test was representative so that we could try and filter out any bias. For every person on every aspect of the test, it has two people that judge the same thing. If they are more than a couple of points apart, then you have to talk about it.

There was one thing that goes in the direction of what you're talking about. Actually, a couple. One, the diplomats in residence came to be sent largely to universities with large minority populations. Just being there encouraged something so new about the foreign service: that they can be there and mentor people about the foreign service.

The other thing was there were prep sessions, open to everybody, posted on the website. Minority candidates got a letter or an e-mail that said, "There are these prep sessions. It's a good idea to go to them." No one was excluded from them, and they were posted on the website, but there was a special effort to reach out to minority applicants, to let them know to look on the website.

Q: The prep session was done on the website?

SALOOM: No. The prep session was done usually at universities around the country, frequently done by the diplomats in residence. They were done at Howard here, for example. They were done around the country, and there was a schedule of when they were that was posted on the web site.

Q: How about age? Were you seeing more older people, second career?

SALOOM: A lot of second career people, a number of people retired from the military. You could apply, you had to be in by 60 because we have mandatory retirement at 65, and they want you to be in long enough to qualify for retirement. There were people, outstanding candidates. A woman I recall who had a lot of international non-governmental organizational experience was an overwhelming candidate. We had to really push things through to get her in on time to have her five years. We covered the whole spectrum.

Q: Did you see any regional differences?

SALOOM: I'd have to look at the data, but none that jumped out at me.

Q: We talk about minorities, and usually minorities has almost been the code word for African-Americans. What about Hispanics and Asians? Was there much of an effort put onto these particular groups?

SALOOM: Hispanics certainly. I don't know what effort was made, but we certainly had a significant number of Asians who passed the test.

Q: By this time, I guess gender was no longer a real issue at all. In my oral histories, I've been doing this over 20 years, and when I started this program, I was scratching to try to find women retirees who had relatively senior rank. Today it's not an issue. It shows tremendous progress, really.

I think, Joe, let's just wait, we agreed to stop. You were time in class, but then what did you do?

SALOOM: Then I was a contractor. I was a contractor for the bureau of economic and business affairs for two years, and then I was hired as a "3161," which is a temporary federal employee of a temporary federal organization which was the Iraq Reconstruction Management Office, and I ran that for a year. I then came back here under the same sort of pay arrangement, back here working with Ambassador Satterfield. Probably the biggest management job I've had was as a "3161."

Q: We'll come back then.

Q: Today is the 30th of April 2008. Joe, we just got you retired, but you were brought right back in and really in many ways having some of the major things you were doing, wasn't it?

SALOOM: Indeed. My last assignment in the foreign service was at the board of examiners during the diplomatic readiness initiative, when we were hiring two or three times as many people as we normally would hire to catch up for the fact that we were hiring below attrition for, I believe, a decade. It was a search, if you will, in recruiting and hiring. I did that for a year, and I retired from the foreign service and came back and did it partially on a WAE and partially then on a contract.

The real focus was, again, testing a large number of people, but it was also on redoing the test. It was the first major redo of the test, probably also in a decade for several reasons. One, because the test had been compromised by people putting parts of it on the internet. Second, just to freshen it up, to make it more relevant to today's foreign policy issues, also to make it modular so that no two people would ever face precisely the same sets of questions, which was a problem with the old test.

Then I was having coffee with a colleague I bumped into down at the coffee bar downstairs. She said that she had a contact position in the bureau of economics and business affairs working on countering the terrorists' finance. At that point I was also exploring other options. As luck would have it, the director of that office was the consul general in Munich at the time that I was minister-counselor in Berlin, so we knew each other very well. I applied for the job that she was leaving and got it.

For a year in that position I led the Department of State's efforts to recover Iraqi government assets that were held overseas that according to UN resolutions should have been returned to the development fund for Iraq. This was from September 2003 to June 2004. This was the period of the Coalition Provisional Authority, when we were responsible for exercising good stewardship of Iraqi assets.

I worked very closely with Juan Zarate, who was at the time deputy assistant secretary of treasury. He subsequently became assistant secretary and became an advisor to the president at the National Security Council for counterterrorism. We put together a wonderful embassy team that was led by the treasury, but intelligence agencies played a very important role. The bureau of economic and business affairs played a very important role. The embassy played a very important role.

We used all-source information to find out where these assets were and then used diplomatic means to persuade the people in the countries that held these asset to return them. There were assets really all around the world, some in Europe, some in Asia, a lot in the region.

Q: How had this developed, that work of spreading out the assets? What had caused that, and who was doing it?

SALOOM: These were assets of various Iraqi government-owned entities as well as assets owned by principles of the former regime – the abbreviation people used at the time was Former Regime Elements: FREs. Actually, a chunk of it was assets that were frozen in 1991 during Gulf War I, and some of it was money that had been moved subsequently.

We first looked for an inventory of the assets that were frozen in 1991, because those funds, according to UN Security Council Resolution 1483, were now released to the development fund for Iraq. There were some historical records and there was also information we had about former regime elements moving assets out of Iraq. All of this is the requirement for countries to comply with in Security Council Resolution 1483.

It was one of the most effective inter-agency efforts I've ever worked in. We collected over two billion dollars in assets. That's two billion dollars that the U.S. taxpayer didn't have to pay.

Q: Let's get as specific as we can to understand. You have these regime types, and I guess Saddam Hussein himself must have had a stash for his family. These must have been tucked away in Swiss accounts and all over the place, weren't they?

SALOOM: It was really a world-wide effort. We sent out a number of cables that had very long lists of addressees. One of the things that helped us a lot was the more specific you could be, the more effective you would be. If you wanted to send something to country X, you would say, "In account number so-and-so, there is X amount of money that was deposited by Y company or individual, and this money should be returned to the development fund for Iraq."

That is vastly more useful and more productive than simply saying, "Here is Resolution 1483. We urge you to look around your banking system and to find funds that are subject to this." If you could be quite specific, you'd say, "We *know* there is money in this account and approximately this amount in the name of the state company for plastics. Your obligation under this UN resolution is to return it to the development fund for Iraq, and we would urge you to do so forthwith." That's much more effective than a general exaptation to good behavior.

Q: How did you identify the account number and the amount of money and all of that?

SALOOM: A certain amount of that was in records in Baghdad, so the embassy had...

Q: Was it equivalent to the Berlin document center in Baghdad? Like Germany back in the '50s. I worked at the Berlin document center, but did the Iraqis have some of these?

SALOOM: I was not actually in Baghdad doing this. I was in Washington doing this. Somehow, they came up with quite a few financial documents that would indicate where a lot of this money was from. Precisely how it was organized I don't know.

Q: Were we going after the malefactors or the people who had taken the money because this money, I assume, is illegal.

SALOOM: We did go after that sort of money. If we could find information on money that malefactors had taken out of the country, we certainly gave that a high priority. There were various different categories of money. There were the malefactors, the former regime elements. When we could find that, we certainly would.

Again, a very large chunk of this was money was frozen in 1991, when sanctions were imposed as part of the Gulf War I. Countries were required by UN resolution to freeze the assets. Finally, Iraq's liberated, resolution 1483 is passed and, according to 1483, those frozen amounts were to be returned to the development fund for Iraq for use in this case by CPA for the benefit of the Iraqi people.

A certain amount of this was not purloined. It was gained by Saddam and his henchmen. It was money that had been frozen and was sitting in a number of accounts.

Q: And identified as such already?

SALOOM: And identified as such already.

Q: Were you getting into the issue of oil-for-food? In other words, it appears that there was a lot of “hanky-panky” here apparently by the UN, including the son of Kofi Annan was one of the people accused of this. These must have been rather politically sensitive, weren’t they?

SALOOM: We did not specifically do that. There were other people who were working the oil-for-food problem, which was distinct from the asset collection issue. It’s not one that I was intimately involved in.

Q: Was there a pattern that you find of the money that was not frozen at the end of the Gulf War but other money that had gone out? Had there been a steady trickle out of people in Iraq? I assume machine types or fixing a nest egg so if they had to get out, they had a place to go to?

SALOOM: It was difficult for us to look at flows. We mostly had information on stocks, so we give you a fairly good picture of the fact that these funds flowed quite heavily through the region, but really worldwide. We had more a snapshot of where it was when we took over Baghdad than a sense of each and every transaction.

Q: Was there a case of people who had been involved in this moving of money out, getting out of Iraq and running around trying to collect their money?

SALOOM: Yes!

Q: How did that work out?

SALOOM: How did it work out? It took us a while to gear up to do this. It wasn’t the first thing they did in Baghdad in March and April of 2003. Some of it was deliberately moved a number of times to make it less visible to us, and some of it was right where it always had been, and we were able to collect it.

Q: Did you find in the money that you were doing there was this group in London? Chalabi was quite a financier and still a figure. This is an anti-Saddam group, but at the same time these were banker types and money manipulators. Did they come across your sights?

SALOOM: Never came across my sights in terms of our search for assets.

Q: How did you find the intelligence you were getting? Was treasury or the agency elsewhere? Was there a predominance in getting good information, or was it across the board?

SALOOM: I was more a user than a generator of this. I know that whoever got it got remarkably good specificity to the point of account numbers, what branches of what banks in what countries, and that was pivotal to our success. You don't just sort of say, "We think there's money in Japan." We say, "Go to the Kobe Street branch of such-and-such a bank in Osaka under account number such-and-such. This is Iraqi money, and we'd like it returned."

Q: Did you have problems with banks or governments saying money is part of their business? The more money they have, the more business they can do. You're taking away some of their assets. Was this a problem?

SALOOM: They were assets to which the government of Iraq had title, clearly in most cases. We had a UN resolution that made it an obligation of any UN member to return it. Largely, if you could demonstrate where it was, there was very good compliance about returning it.

Q: You did this for about what, a year?

SALOOM: For about a year.

Q: Two thousand and three to two thousand and four?

SALOOM: Right.

Q: Then what?

SALOOM: I guess that was 2003, 2004, and then 2004 to 2006 I worked in the same office basically covering the near East portfolio for the office of terrorism, finance, and sanctions, so representing the department in inter-agency meetings, working on designations of foreign terrorists in the Middle East. Basically, the entire program to identify, list, and impose asset freezes on the financiers of terrorism in the Middle East.

Q: This is where Al-Qaeda, at one point, they were talking about money from honey and other things of this nature. What sort of financing were the terrorists getting? Where was it coming from?

SALOOM: One of the issues that was very prominent in my time there was Islamic charities who would undertake some good works and some financing of terrorism on the side. Private individuals, Al-Qaeda affiliates, moving money around, and we tried to prevent them from being able to use the international financial system.

Q: On individuals, I would think one of the places one would go immediately would be, because of the Bin Laden connections and all, to Saudi Arabia. How did you find working with the Saudi side of things?

SALOOM: The Saudis were important partners. I went to Saudi Arabia with Juan Zarate. We had frequent discussions with them, and I think if you look at all of the public statements, certainly since there was a landmark event. There was a specific bombing. I can't remember the name of it, but it was a real watershed in the Saudis perceiving Al-Qaeda as a very serious threat to them. During the entire time that I was working on terrorist finance issues, Saudi Arabia was very much a partner.

Q: Were other groups, such as the French and the British, working on this too?

SALOOM: Absolutely.

Q: Was there an international team?

SALOOM: The sanctions, in order to be most effective, really have to be multilateral. There was a UN resolution under which you could "designate" for asset freeze entities that were identified as financing terrorism. We spent a lot of time precisely building bridges, particularly the security council members, so when we assembled the evidence on a particular person or entity that they would not only be sanctioned by the United States, but they would be sanctioned by the world financial system.

Even unilateral sanctions when you look at how many transactions transit the United States' financial system, it can be effective. They're obviously more effective if they're multilateral, so yes, we spent a lot of time working with our partners. Our mission at the United Nations was a constant partner.

Q: Were you dealing with the European Union only, or was it mainly with individual countries?

SALOOM: Since these are UN votes, it tends to be with individual countries.

Q: I was wondering when you're chasing down money?

SALOOM: Mostly what I was involved in tended to be bilateral.

Q: By the time you were doing this, I would assume that particularly the European countries and I guess the Middle Eastern countries were taking this terrorism business quite seriously. At a certain point it had been wishy-washy, but by the time you got there, I think it was...

SALOOM: I believe there was a very strong consensus within the region and within the Europeans. During the same trip that I went on with Juan Zarate and Danny Glazer, who was the deputy assistant secretary of the treasury covering this area, we went to the founding meeting of the MENAFATF, the Middle East North Africa Financial Action Task Force. There are financial task forces for most regions of the world, and their job is to combat terrorism, finance, and money laundering.

At the opening meeting of this body it was quite clear that there was a seriousness of purpose to prevent the financing of terrorism. I forgot now precisely how many members, but practically all countries in the region became members of MENAFATF.

Q: What about Libya? Was Libya pretty open by this time or not?

SALOOM: I never was in Libya. I believe the answer to your question is yes. I don't recall a case where I was involved in designating in Libya. There might have been a case or two of Libyans residing elsewhere.

Q: How about Syria?

SALOOM: There were some designations of entities in Syria.

Q: Did the Syrians respond?

SALOOM: Respond?

Q: In other words, when it was pointed out that there was a problem, would they clamp down on the company concerned?

SALOOM: Actually, a number of the sanctions were against entities associated with the government of Syria.

Q: That's a pretty good answer! [laughter] On this thing, were we going beyond the Al-Qaeda Islamic thing into the more localized Hamas, the Iranian influence in both Lebanon and in Palestine?

SALOOM: The issue was not who you were allied or affiliated with. The issue was, "Were you a body that was engaged in either terrorism or the financing of terrorism?" So yes, there were Hamas-related entities, Abu Sayyaf in Indonesia.

Q: By this time, was there anything with the IRA?

(End Tape 4, Side 1)

SALOOM: First of all, I covered the Middle East, so I wouldn't have been involved in an IRA issue in any case, but I did attend a lot of meetings. At that particular point I think it was probably over.

Did you find yourself getting involved in extracting these charitable organizations? Because within the United States we've got a number of Middle Eastern charitable organizations, which, as you say, have genuine philanthropic goals as well as a certain amount was going out to organizations which were not terrorist organizations. Were we just saying, "The hell with this whole thing. Eliminate this whole organization?" Are we getting them to clean up their act? What were we doing?

SALOOM: If you do some relief and some financing of terrorism, for us, we designate you as a financier of terrorism.

Q: Could an organization say, "Okay, we've been working on this, and a certain amount of our money gets filtered off into this terrorist thing. We want to continue our philanthropic work and get rid of the terror." Can they have a clean bill of health?

SALOOM: There is a process that you can go through with the office of foreign assets control of the treasury to become delisted. It's a domestic regulatory procedure, so the short answer is if they clean up their act, there is a process by which they can become delisted.

Q: Did you know of any that did?

SALOOM: I personally do not. The office of foreign assets control could answer that.

Q: I know that when we started out this oral history, at a certain point you got called away and off to Saddam's palace in the Green Zone.

[laughter]

That was what, 2006?

SALOOM: Two thousand six. I started in April of 2006 and finished in May of 2007. Much of it had been obligated. During my time there I oversaw the obligation and the disbursement of about four of the 22 billion dollars. So about 22 billion was obligated, projects were completed, and about four billion was actually disbursed on my watch.

I was also, among other things, in charge of the national coordination team, which was the office that managed the provincial reconstruction team effort. I was there as we were building up the provincial reconstruction teams (PRTs). We had 10 by the time I left that were fully up and running, about half of which were established or brought up to full operating capability on my watch.

I had a very impressive team of experts, 20 or so people working on electricity, slightly fewer than that in oil and transportation. I had a senior consultant — the division chiefs were called senior consultants — working with the ministry of planning, the ministry of water, the ministry of environment. We had expert teams doing these reconstruction projects.

It was a very impressive group. We had people who had run oil companies running the new oil section. We had people run electricity, companies running the electricity section.

I got there as the third director, and by the time I left we had actually disbursed all but about five percent of the money.

Q: There are several things on this. In the first place, you must have found yourself under a great deal of scrutiny from, you might say, your inspector generals, Congress, because an awful lot of money has gone into Iraq. According to the media reports, which are a thing unto themselves, and it doesn't seem that there's been much progress. In the first place, did you feel that you were under a great deal of scrutiny?

SALOOM: Yes. When I was there, I think it's fewer now, but when I was there, there is a special inspector general for Iraq and Afghanistan. His name is Stuart Bowen. At the time that I was director, they had about 50 people in Iraq, in addition to their staff back here, whose job it was principally to oversee and inspect the projects that were under my jurisdiction. Indeed, there was quite a bit of careful scrutiny, but I appreciated it. Actually I testified using almost exactly these words. What I liked was to have another set of eyes on things. In almost every report the special inspector general put out while I was there it noted this problem and noted that it was being corrected.

We did a lot of that. We changed a lot of things when I was there. It was becoming obvious that our initial approach — this would have been 2004 basically — of hiring large international companies to do a lot of these projects had not met our expectations.

Q: What was the essential problem?

SALOOM: I wasn't there for much of this, but I think a lot of the problem was excessive layering. You'd hire a large international company who would hire a regional company who would then go hire an Iraqi company, and you'd have layers upon layers of overhead at each stage.

Consequently, one of the things that we did a lot when I was there was to cancel these large layered contracts and contract directly with the Iraqi firms that would make either to rebid them or do the contract with the Iraqi firm that was the one that was actually doing the work. We restructured a lot of these and improved the performance as well as the value of the contracts.

Q: You were able to focus who's responsible, weren't you?

SALOOM: Right.

Q: As opposed to, you have this layering, it gets passed around. "It wasn't me, it was him," and that sort of thing.

SALOOM: We just cut out a lot of layers, and it ended up being more economical. It ended up fostering greater participation by Iraqi companies, which is a good thing. We managed to do projects more quickly at less cost.

Q: Were you finding the efforts of the opposition to the regime that we had in place? Was there a real campaign to destroy, say, the electric system or the water system or the oil delivery system?

SALOOM: The short answer to your question is yes. There was quite a bit of sabotage of electrical transmission lines and electrical sub stations of any project that we would build, that was conspicuously something that we did. In the north there was a lot of sabotage of oil lines. We were trying to build at the same time that others were actively trying to destroy.

Q: Did you find that the Iraqi army, police and all, during the time you were there, were they beginning to take hold and give better protection, or did you have to rely pretty much on American forces or allied forces?

SALOOM: There's clearly substantial progress during the time that I was there. It's awfully difficult for anybody to protect Iraqi infrastructure that covers *so* much territory, be they electric lines, power lines, and so forth. You can't have a soldier guarding something every hundred yards when you look at the level of infrastructure that's there.

Q: Did you feel that progress is being made as far as delivering services to the Iraqis?

SALOOM: Yes. There's a report that we publish quarterly, and it goes through project by project and what was achieved. There is more clean water, certain vital infrastructure has been rehabilitated, electricity is better. There were concrete achievements.

I think the criticism that we get, much of which is justified, is, "Did we do this in the most economical way possible?" I think the people who were assigned the task of picking the projects and determining what was needed were courageous, patriotic Americans who were out there looking at a situation that they faced or given relatively short deadlines to identify projects and did the best they could.

They assumed that these large international companies with whom the U.S. government has worked for decades with good results would produce the same good results in Iraq. It turned out that those results were more disappointing than we had anticipated.

Q: What was your impression of — it's a very general term — the Iraqis, the people you had to deal with?

SALOOM: Some were inspirational characters. I went out to visit the governor of Anbar, in Ramadi, in the very worst of times when he had a company of marines on his roof. The man had had 29 documented attempts on his life, but he went to work every day and worked for the people of Anbar.

I recall one visit of the governor of Mosul. It was the day after his brother had been assassinated. He was in his office doing his work the very next day. The head of the railroad wanted to visit him.

He was walking on two canes because for, I don't know if it was the second or third time, he had been out repairing the Latakia Bridge which is a checkpoint for all of the trains to go from the Port of Basra to Baghdad — it's south of Baghdad — and he had been shot in the leg. He was an incredibly dedicated person.

There are some truly heroic, patriotic Iraqis who were doing their best to try and build a better country. Were there others? I'm sure that there were people who covered the whole lot. I drew my strength and inspiration from people like the three I just mentioned.

Q: Did you find that dealing with the Kurdish area was a completely different thing than dealing with an Arab area? Were they almost a breed apart the way things are run?

SALOOM: They had operated out of the orbit of the central government for more than a decade. It is a different atmosphere. The business situation's a lot better because the security situation is better. You see a more vibrant business in private investment situation in Kurdistan.

Q: How about in Baghdad itself? Was this so with the Sunni-Shiite conflict? Was it so bad that it seemed to preclude getting much done or not?

SALOOM: We continued to get a lot done in Baghdad precisely because I was responsible for economic projects, I had a provincial reconstruction team in Baghdad, and I worked very closely with the military.

I got out a lot. Even in the worst times, you'd drive around Baghdad and the stores would be full. There were a lot more goods available to Iraqis even when the security was bad. One of the things you wouldn't have is when an area was cleared by the security forces, how quickly commerce ballooned. Being out and about in Baghdad, especially in the wake of the Baghdad security plan, we kept building things, and Iraqis kept doing business.

Q: During your time, what were the PRTs—the Provincial Reconstruction Teams—doing? What sort of work were they doing?

SALOOM: Their main job was to help provincial governments be established and function as responsible, effective, decentralized entities, which was a major cultural shift from the time the provincial governments used to take orders from Baghdad.

The single most important thing that I emphasized with them was that the provinces received budgets from Baghdad. So I emphasized, "Please work with your provincial governments so that they can use effectively and transparently the resources made available to them by the central government."

I raised them because in 2006 Iraq only spent about a quarter of the money that was allocated in its capital budget. In the capital budget, some goes to ministries, some goes

to provinces. A new government was established in 2006. There is obviously a learning curve. The provincial governments were new.

The main focus for the provincial reconstruction teams was to work with the province on what we call “budget execution;” that is, taking the resources available for the province, establishing priorities, picking projects, assigning projects, putting out requests for bid, going through a transparent bidding process, wording contracts, so that the significant oil revenue that Iraq gets — and it’s even more significant now than when I was there — could be channeled into projects that would be a visible benefit to the Iraqi people, food-for-oil, electricity, and so forth.

Iraq is a wealthy country, in terms of oil revenues, and yet services remain poor. The provincial reconstruction teams’ job — and I use this expression over and over — we’re not there to build it for them. We are there to help them build the capacity to do it for themselves. If there were one central core mission, it was capacity building to use their own significant amounts of money to do things for the benefit of the population.

Q: I would think that trying to put a team together would be quite difficult because you’re working on budgets and allocation of money and this sort of thing, the normal foreign service officer, military officer, doesn’t have any experience in this.

SALOOM: We did have what’s called the local governance program. This is under contract with the Research Triangle Institute to go out and help them do that. We could send subject matter experts, but we certainly needed senior military and foreign service officers to be the leadership and to work with the highest echelons of the local and provincial governments.

Q: Was it difficult to recruit these PRTs and get the right people?

SALOOM: Difficult to recruit? No, it wasn’t difficult to recruit. It’s hard to judge what a good preparation is for this since we really don’t have anything that’s quite like this anywhere in the foreign service now, except that we have very small numbers of civilians in provincial reconstruction teams, which were primarily military in Afghanistan.

In Afghanistan the PRTs are a hundred people, of whom perhaps three or four are civilians. The PRTs in Iraq are civilian led. The head of the PRT is always a foreign service person, generally a senior foreign service officer. The deputy is always military, and the staff has some military civil affairs personnel and some engineers sometimes, but it is predominantly civilian because it has primarily a development mission.

During this surge in early 2007...

Q: The surge being an increase in number of Americans.

SALOOM: Americans, yes. There was a civilian surge as well at that point, since we needed to ramp up extremely quickly in the PRT. U.S. Department of Defense gave us

about a hundred people, and they are all in the process of being replaced. They should all be replaced within the coming weeks because they had reservists with some of these skills. They could go into their data base. "Give us an electrical engineer or a water guy."

They should all be gone relatively soon. Unlike the military, we do not have a lot of reserves. We have asked for funding and authorization from them for the Coordinator for Reconstruction and Stabilization, the CRS, but unless it's happened in the last day or so, they still don't have the authorization for appropriations they need from Congress. We can't pull in people that are already trained.

The payroll to go do these kinds of things in PRTs, whereas the military does have a very large reserve of over a million people, so they have that capability more quickly than we do. We are working to get it. It's been repeatedly emphasized by the secretary, by the president, that this is an important priority, but Congress is yet to fund it.

Q: When you were there, was there a problem of getting the teams out beyond the compound?

SALOOM: No. We have a Memorandum of Understanding (MOU) with the Department of Defense on movement, security, for those provincial construction teams that are on forward operating bases, the military provides it for those that are on embassy facilities, the embassy provides, but almost all of them are on forward operating bases. Almost always movement security is provided by the forces there.

Q: Did you feel that these teams were particular targets, or were they just one of many targets that might be hit by terrorists?

SALOOM: I cannot believe that the provincial reconstruction teams were any more at risk than any other unit. The only other units out there would be military. I did not get a sense that the PRTs would be at any more risk than their military colleagues.

Q: How did you find the atmosphere of the embassy in Baghdad when you were there?

SALOOM: Hectic. Always very busy. Everybody worked every day. Most people worked extremely long days. That was in some sense the price that you pay for working on an issue that's on the front page of the newspaper every day. There's a lot of pressure, a huge amount of work, and it is both exhausting and exhilarating.

Q: You left there in what, 2007?

SALOOM: Two thousand seven.

Q: And what have you been doing since?

SALOOM: I've been working on Iraq with Ambassador Satterfield, who is the secretary's senior advisor and coordinator for Iraq. My title is Senior Advisor for Iraq

Transition, but what it basically means is that we have a senior leadership team here: Ambassador Satterfield, Ambassador Butler who is the DAS, the deputy assistant secretary and an office director, a Richard Schmierer. Oftentimes there are issues that require a senior person to devote a lot of time, and those folks just don't have it.

When problems come up, something special comes up. For example, we were allocated some money by Congress last year to create a quick response fund; that is, money for the PRTs to do small projects to respond to immediate challenges that faced them. I spent several months working to: a.) to design the program; b.) to get a whole series of exemptions for the program.

I'll give you one example of such an exemption. Normally with petty cash you can only spend \$2,500. What we wanted to do is we wanted them to be able to go out and do things quickly that needed to be done for local economic and social development. We got an exemption for them, so they could spend up to \$25,000.

According to grant regulations, every grant recipient when they get a grant has to be posted on a web site called grants.gov. We looked at that and said, "Well, if we're giving grants to Iraqis and it goes on a website, that's nothing but a target for Al-Qaeda." We got an exemption from the department to post all the grants on grants.gov.

There were about a dozen of these things, these procedural things. Do you have to use this kind of OMB form when it wouldn't be practical to use that kind of form for an Iraqi grantee? There were about a dozen of these things, but they all required shepherding and convening and that sort of thing.

Q: In a way you were sort of an expeditor and a cleaner upper of the...

SALOOM: Special projects. Things come up that need to be done, that need someone senior that can convene all of the inter-agency players. There are occasions I've had to testify on Iraq reconstruction so that someone else wouldn't have to.

In the cleaner upper category, right as we were about to surge a number of people out to Baghdad, I had to deal with the issue that DOD had changed its requirements for ID cards, what they call "common access cards."

Well, you can't move in Iraq without a common access card. You can't eat, you can't get on a helicopter, you don't get lodging, but DOD had changed its rules to require vetting and USAID contractors that previously had gotten these cards had not been vetted. It is perfectly legitimate that they needed to be vetted if they're going to be on military bases.

We had to move quickly to set up a system whereby they could be vetted and, therefore, could get these cards. It was an issue of temporary exemptions, and so forth, so that the work could go on, and yet the legitimate need for this vetting could go on. That took half a dozen meetings of at least 20 Senior Executive Service equivalents...

Q: Senior Executive Service.

SALOOM: Senior Executive Service, the civilian equivalent of general officer for a number of different agencies to work this out so we could both accomplish the mission and meet the legitimate security requirements. That would simply require someone with enough seniority and experience and knowledge of how to make the interagency process work. It was extremely time consuming, and yet had it not worked this is the kind of issue that would go to extremely high levels. It's the idea of preventing problems from escalating.

Q: Just a last question: As of today, in your estimation, whether Iraq...

SALOOM: I see all the arrows pointing up. There certainly will be bumps in the road, and I think General Petraeus said, "The gains are not necessarily irreversible," but if you look economically, politically, I watch this every day. I talk to people in Baghdad most mornings, which is why I get in so early. Everything I see is better than when I was there, so I see it on an upward track. Obviously not perfect; obviously a lot that still needs to be done, but certainly in a lot better shape than during the time that I was there.

Q: I want to thank you very much.

SALOOM: My pleasure! Thank you, sir!

End of interview