

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

**AMBASSADOR CLYDE DONALD TAYLOR**

*Interviewed by: Charles Stuart Kennedy*  
*Initial Interview date: January 24, 1996*  
*Copyright 2019 ADST*

**TABLE OF CONTENTS**

Background

Born in Colombia, South America, of American missionary parents.  
Raised primarily in the Washington, D.C. area  
Wheaton College; American University  
Entered the Foreign Service in 1961

State Department; Bureau of Security 1961-1962  
Senator Eastland's subpoena  
Sex and security

State Department; Bureau of Consular Affairs, Executive office 1963-1964  
Frances Knight  
Consular productivity issues  
Congressional interest

Panama City, Panama; Consular officer 1964-1966  
Canal Zone tensions  
Environment  
Political issues  
Executive Agreements  
Consular problems

Canberra, Australia; Economic officer 1966-1968  
Relations  
US interests  
President Johnson's visit  
Environment

State Department; Economic Bureau 1968-1971  
Division of Industrial Strategic Materials  
Sale of surplus strategic stockpiles  
Personnel

Overthrow of Allende Silver issues	
State Department; Foreign Service Institute, Economic Training Graduate Record Exam (GRE) Goals Course of study	1971-1972
San Salvador, El Salvador; Economic and Commercial Chief Economy AID Political situation Environment Relations Security breakdown	1972-1975
Tehran, Iran; Economic Development and Financial Officer Trade and Economic analyses Environment Security Minorities The Shah Embassy staffing Economy Contact with Iran officials US military expenditures Tension and unfilled expectations Bazaar class Martial law Embassy analysis General Heiser mission Ambassador Sullivan Evacuation policy American business Relations with Khomeini regime Policy differences Shah's request for US medical visit Fall of Iran government Revolutionaries in Embassy compound Foreign communities US educated revolutionaries Khomeini Foreign Military Sales issue Daily operations Demonstrations Bazargan government	1975-1979

Embassy staffing Soviets Ross Perot	
National War College	1979-1980
State Department; Bureau of Narcotic Affairs, Deputy Asst. Secy. Drug control Pakistan Burma European govt. attitudes Latin America narcotic production Government agency cooperation “The Poppy Clause” United Nations	1980-1985
Ambassador to Paraguay, Confirmation process Government Political parties Authoritarian regime label Radio “Nanduti” Paraguayans US historical interest Relations Programs President Stroessner Military relations “Papa Doc” Personal press attacks “Tear gas” incident Pope’s visit Coup plotting	1985-1988
Deputy Commander and International Advisor to the National War College	1988-1989
State Department; Director, Career Development & Assignments Affirmative action (minorities) Recruitment of minorities Civil Service Assignment panels Cones	1989-1992
State Department, Deputy Asst. Secy./Asst. Inspector General	1992-1995

Oversight of Security functions  
Foreign Service Act of 1980  
“Lean” vs. “Fat” embassies  
Auditing Function  
Investigative Function

Comments on Foreign Service Career  
Wife’s role and accomplishments  
Foreign Service as a career

## INTERVIEW

*Q: Today is January 24, 1996. This is an interview with Clyde Donald Taylor. This is being done on behalf of the Association for Diplomatic Studies, and I’m Charles Stuart Kennedy. We’re doing this at Arlington Hall. If we could start from the beginning, could you first tell me when and where you were born, and then a bit about your parents and your family?*

TAYLOR: I was born in Colombia, South America, of American parents. My parents were educational missionaries there, and I left when I was just three years old, and after a few years in the Boston area, I grew up in the Washington area. I went to school in Illinois, and graduate school in Washington.

*Q: When you say “Washington,” which Washington...*

TAYLOR: Washington, DC. I’m an East Coaster. I entered the Foreign Service in September ‘61, just a few months after finishing my Masters Degree at American University.

*Q: In what year?*

TAYLOR: 1961.

*Q: Back to your parents: were they of a denomination, or non-denominational, or...*

TAYLOR: A denomination, the Christian and Missionary Alliance, and theologically, it is related to the Baptists. They’re quite active around the world as a missionary group, and are very committed to relief and developmental work. My father stayed in religious work and opened an office of public affairs in Washington in 1944, and that’s what brought us here.

*Q: Well, now, when you were in Colombia, did you learn Spanish at the time?*

TAYLOR: Yes, but as I said, I left when I was just three, so I had to learn Spanish the hard way later in life.

*Q: So you went to school...where'd you go to grammar and high school?*

TAYLOR: I started elementary school in the Boston area, in Quincy Mass. After we moved to the Washington area, I attended East Silver Spring Elementary, Takoma Park Junior High, and one year at Montgomery Blair High School in Silver Spring, Maryland. I finished high school at Hampden DuBose Academy in Florida. I studied at Wheaton College, receiving a BA with a major in Political Science. This was followed by a 60-hour MA program at the School of International Service at American University in Washington, in which I concentrated in the three areas of American Diplomatic History, International Law, and International Organizations.

*Q: Well, it sounds like at a fairly early time you were interested in foreign work.*

TAYLOR: That's correct.

*Q: What inspired that?*

TAYLOR: Well, as I say, my father directed an office here of public affairs for the National Association of Evangelicals, and for its related missionary-sending organization. That involved working with most of the embassies in town and with the State Department concerning American presence overseas, legal issues, and following political trends. My political science major of course also heightened my interest in government. But to a large degree it was being a Washingtonian, in an international family and working summers in the international arena that pulled me into this career choice.

*Q: Well, now, in your family household, were you ever aware of the Caesar-versus-Christ conflict that has been going on at least 2,000 years, of, you know, the missionary view and sort of the bureaucratic government view.*

TAYLOR: Well, the Foreign Service has been a beneficiary of a number of generations of missionaries. I look at Stapleton Roy; he's one of the last Presbyterian missionary children out of China. My household was one of continuous conversations about the social ramifications of the Christian faith, and my father was one of the founding instigators of the Americans for Separation of Church and State. So those tenets were very much a part of my upbringing, a strong belief in an individual's involvement in society, and yet a very strong belief that a person's religious faith is a personal thing, however, with consequences in terms of how they act within society. So I'm very much at home with that seeming tension, as you call it.

*Q: Well, now, you graduated from Wheaton when?*

TAYLOR: In 1959.

*Q: Was there any particular thrust at Wheaton in the international field?*

TAYLOR: We had a nascent political science department then. Today's political science department sends graduates directly into the Foreign Service. I would have needed, and in those days I did, graduate study to get more comfortable in areas of Government and International Affairs. But it was a school with a lot of international students, and they participated in Federal seminars in Washington, so it was a school that was active in politics. I headed a political club while I was there.

*Q: Well, now, you went to graduate school at American University.*

TAYLOR: To the School of International Service.

*Q: What was your impression...were they pushing anything at the time, or...*

TAYLOR: No, it had been created, that is a nominally Methodist school, American University is, some people would say that that school was set up as a counter-thrust to Georgetown; I didn't sense that while I was there; there was no really religious content in the school. It had been going several years when I arrived. Its Dean, Ernest Griffith was a noted European studies scholar and former head of the Congressional Research Service. We had a nice combination of strong academicians and practitioners, and its undergraduate international relations school is now the largest in the U.S.

*Q: Well, now, you took the Foreign Service exam when?*

TAYLOR: I took it in 1960, and the orals would have been probably early '61. I entered in September '61.

*Q: Want to talk a little about your impression of the oral exam?*

TAYLOR: The oral exam was a more interesting experience for me than perhaps others because of a peculiar preparation. As is now the case, and probably was then, students at Georgetown's School of Foreign Service and American's SIS had the opportunity to simulate Foreign Service oral exams before taking the real thing. They put together a panel of three - one active duty, two retired Foreign Service officers - and gave an oral that was much tougher than the one I took when I actually came into the Foreign Service. I got two passes and a "maybe" on the simulated one. If you recall the time, Cuba was writ large on our foreign affairs screen. All three of the "simulated panelists" were involved in the ongoing debate about Cuba. They differed in their views, which, no doubt to their amusement, they played off on me. Philip Bonsal was one of the three.

*Q: We're talking, or course, about 1961. And really, we didn't know whether Cuba was Castro or a Communist, should we go with him, against him, or...*

TAYLOR: I found a little bit of this when I took the real Foreign Service oral. One can appreciate that the people giving these have to enjoy themselves as well. And so they would throw out something that would tickle the interest of one of their colleagues on a panel, perhaps open an old wound or an old debate, and you'd be lucky to find out the inside meaning or joke by happenstance afterwards. But I did, in the simulated one, learn during the event that there were some strong disagreements that my answers stimulated. But going to graduate school in Washington was a fascinating experience. A side benefit was that you would pick up so much lore about entry into the Foreign Service. You'd hear the stories as to why someone thought they had failed the oral exam, and why someone passed. The veterans warned against being overconfident, and do everything possible to avoid arrogance, or a sense of dogmatism. Those were good lessons learned.

*Q: Very good lessons. Also, they warn you about the possible story about dribble glasses, and things like this.*

TAYLOR: The thing I learned the most was do not ever fake knowledge in an oral exam. Better to say you don't know, but that's an interesting area you'll pursue.

*Q: Can you think of any of the particular questions you got?*

TAYLOR: They tended to draw on your areas of studies. So I remember I had some questions on the United Nations, and the Organization of American States, where I had done a special research piece. But I did get questions on developments in Europe, treaty organizations and on the Cuban issue. I got some questions that would be similar to today's in-box questions. I can't remember the specifics of them, but I can remember their asking questions that placed you in a situation, and then they asked you what actions you would take to advance that problem toward a solution.

*Q: Well, then, you came in. What was your Foreign Service Foreign Service entry class?*

TAYLOR: That was September of 1961.

*Q: I wonder, could you describe a little about the type of person your class was getting at that time? I mean, the personalities and outlook, and maybe how you all, at least you and maybe some of the others, looked at the Foreign Service, as a career, or....*

TAYLOR: This was a time of Kennedy. It was a very optimistic time for public service, a time of strong commitment. Our generation tended to commit for a career. We were certainly in an era where women had not come into their full rights, and so we had a token two women in each entry Foreign Service class. And whether it was apocryphal or not, it was usually the story, I think, that one of those two usually got married within about the first six months. We had a large class of 60, which included a 15 or 20-officer component from USIA. It was so large that we broke in two, and did a lot of things in two segments, and so you got to know your half of the alphabet much better than the other. Each segment had its own old 0-3 grade officer as counselor.

*Q: ...approximately the level of a Colonel...*

TAYLOR: Right. The average age was much lower than today's entry; it was about 26-something years. I was 23, toward the lower end, but you could not enter if you were more than 31 or 33, I forget which, and that's why your average was about where it was. Anyone who came in having children was always considered at the older end of the spectrum. We had strongest representation from the Fletcher School of International Law and Diplomacy and a strong representation of lawyers; the lawyers, as I reflect on the class, tended not to stay in the Service very long. But it was a class that has done very well in the Foreign Service. One of our members is now the head of the Federal Reserve in New York, and a number have made Career Minister, and many more, Ambassador. It was a class that was very concerned about what was starting in Viet Nam. I'd say that in time well over half of them served there. It was only the second class in the new Junior Officer Training Program concept, so the requirement was (we learned this only after we came in) that your first tour would be rotational and overseas. And this affected me strongly, because I had made an agreement with my wife, who as tradition was then, had helped me through grad school, to help her finish her BA. And that could only be done here. What was interesting, though, was that I could resolve my dilemma because of a simultaneous development in our security apparatus. This was during the aftermath of Senator McCarthy, from which the State Department was still reeling. We were in what some would call the Otto Otepka period.

Otto Otepka was head of one of the divisions of Security, I believe Evaluations, and was very close to the bloc of conservative senators associated with the McCarthy fever. He was seen as being used by them as the person inside the State Department to pursue the allegations of Communists, homosexuals, and the like. The interesting thing about security in those days is that it was considered to have been staffed by the more liberal law enforcement elements, those who had left other law enforcement services to find a more moderate, yes relatively liberal climate. Yet within the State Department, it was seen as an extremely conservative group and a chasm existed between Security and the officer corps. The Department and Foreign Service leadership had decided that to affect a more healthy state of affairs the Security office needed dramatic reform. Bill Boswell, who was a real star in those days (he'd made old 01, now MC, in his 30s.), was selected to head Security, and charged to Foreign Service-ize Security. And here I quote him from his recruiting speech. So he would come over to the Junior Officer's classes and make this pitch to try and recruit junior FSOs directly in Security.

I responded to his invitation, met with him and said, "If I understand you correctly, you can arrange that my first tour can be in the Department." He said, "Absolutely." So contrary perhaps to otherwise good sense, I went into Security in my first tour. What ameliorated that kind of a strange entry in the Foreign Service was the Junior Officer rotational program. I was not really assigned to Security. I was assigned to the Bureau of Security and Consular Affairs for a two-year rotational tour, with only eight months in Security. And that's a whole other story.

*Q: Well, let's talk about the time that you were in Security. What were you getting from the old hands; were they shaking their heads and saying, "Don't do it," or not, or...*

TAYLOR: Well, of course, I entered with no mentor, really. My early mentors were some few Foreign Officers I got to know after my stint in Security, when I then moved into the Executive Office of that bureau. So my first exposure was mainly to Civil Service employees, members of the Office of Security, or to the FSRs, Foreign Service Reserve Officers, who staffed Security, and to a smattering of FSOs, such as Bill Boswell and Security's Executive Director Murray Jackson.

It was a polarized office. People who were very zealous on the sexual issues dominated the investigative side. The evaluation side, led by Otto Otepka, was seen as zealous on the ideological front, aligned with the archconservative forces in the Senate on both sides of the political aisle. My sense was that the technical security and domestic operations divisions were doing a good job. The overseas operations division had perhaps the best mix, more non-law enforcement types. In any case, the time there was a fascinating learning experience about how the Department operates. I did physical security surveys, dealt with other elements of the intelligence community, and just had an excellent Department orientation. I was offered several good opportunities to work elsewhere in the Department if I would switch to Civil Service. It was during that time when the proverbial whatever hit the fan, when there was a subpoena from Senator Eastland...

*Q: He was Chairman of the Senate Judiciary Committee, no?*

TAYLOR: Yes, he was head of Judiciary in those days...for the appearance of about 25-27 State Department officers, almost all of them in Security and down to the GS-7 level, to testify on the Department's internal security question. In a night raid by Security itself of Otto Otepka's desk, they found a photocopy of the list of the subpoena, and other evidence to support the contention that Otto Otepka had in fact developed the list. This led to a terrific row over invasion of his personal desk, which of course, was a public desk. So these were interesting and difficult days.

*Q: I can remember, I entered in 1955, and having gone for a year to Boston University, was very much aware of the, you might say, Protestant-Catholic split of, I mean, Kennedy and kind of a fence-sitter. But going through the Security Office and noticing how many of the Security people had an X in their middle name, which meant Xavier, which to a man meant that they were Catholic, and in those days, the Catholics were considered to be extremely conservative on sexual matters, and all this, and not the type of person you really wanted to ask what young grad students were doing with their lives. Did you find that this group of investigators...were they comfortable with what you could gather was, you might say, the lifestyles of young Foreign Service Officers, which were pretty tame compared to what they are today, but I mean, still, was maybe different than...*

TAYLOR: Well, I was frankly pleased with the reception that they gave us several junior

officers given the common knowledge as to why we were recruited and that we, as you note, represented another culture. We represented, in effect, the group they were monitoring. Here from that group came this new cadre into an Office of Security that was dominated by law enforcement people. As to your question, in retrospect, I certainly can confirm that there was a disproportional representation of Catholics in Security, but I was never conscious of a religious issue while I was there.

The thing that disturbed me, and I got to know these people fairly well as I rotated throughout the entire office, was most seen when I got into the Office of Investigations, specifically in its unit called Special Investigations. They would pick up an allegation of someone's sexual orientation and order them to come into Washington. I would hear statements such as, "Well, I will know from the time I shake the person's hand as to whether they are guilty or not." There was a very strong, prejudicial mentality there. I remember telling the head of this section one time that in today's language, you'd say, "Get a life!" In those days, I said, "You've been in this too long," because he was seeing homosexuals under every desk, like people in another part of the Office of Security were seeing Communists under every desk.

It was a transitional period. I think everyone accepted which way the winds were blowing, but there was a lot of resistance by the hardliners. Fortunately, the leadership was clear and good.

*Q: How did the Otto Otepka matter work out, as you saw it?*

TAYLOR: You mean concerning the incident in his office. Well, I recall that what happened was that he happened to come into his office at night when this raid was going on, and so several people sort of manhandled him a little bit as they got into a scuffle. I think there were some reprimands on that. But Otepka went into retirement, and there was a gradual and continuous sort of homogenization of the Security Officer, as they developed new recruits and as they integrated more from the Foreign Service into it.

I recall, though, as an example of this terrific pressure that was on Security leadership to Foreign Service-ize Security, I was asked to go out as Regional Security Officer to Jakarta in about 1962. You'll recall what Indonesia was in those days - a Sukarno-led hot bed of the Cold War. Even with much less wisdom in those days, I knew this was not an appropriate assignment, quite apart from the fact that I would under-rank the position by three grades. I believe I used the fact that my wife was expecting our first child in a few months as a way to demur. But in so many words I did tell my superiors that their request was really a warm body approach, any warm FSO body that is, because old-line security officers (FSRs) were available for that responsibility.

*Q: I interviewed the man who - I am interviewing the man, Tony Gillespie - who went out there, who was not an awful lot more senior, but I think more senior, I think, than when you went out there at that time, and he went out there later (unintelligible) 1962.*

*Well, now, with all this thrust and all, was there any evidence that there was any sort of Communist conspiracy, or Communist infiltration of the State Department, that came to your attention?*

TAYLOR: No, I never got close to anything like that. There was still some rancor over the Service brothers'.

*Q: John Stewart Service.*

TAYLOR: ...Yes, the China legacy. I frankly didn't participate in any discussions or hear much about it. The main controversial thing I heard was about the sexual orientation issue, and it was sad to see the extent to which the people who were suspected of that would go to prove a heterosexual lifestyle.

On the positive side, because we were in a period of growth, we were opening a number of State annexes that had to be cleared. And since we were changing personnel policies, there was a dynamic that was interesting to watch and participate in.

*Q: I think to begin to capture the times, it's worth having you comment, what was the rationale for the concern about that somebody's lifestyle seemed to indicate that they might be homosexual?*

TAYLOR: Well, remember we were in a period of Cold War conflict. Certainly the mores of society back in the late '50s early '60s did not condone deviant or promiscuous sexual lifestyles to the extent that they do now. Such conduct was considered an area of risk, behavior that could be exploited by our enemies. Thus, many people felt that they were at risk if they were leading either a promiscuous heterosexual or homosexual lifestyle. And so, Security felt that if people were sensitive to it, then they became a risk, that someone from another political point of view, Communist or what have you, could use that as a point of blackmail. And in fact, there were a few cases in the Soviet Bloc where blackmail occurred.

*Q: As a matter of fact, I think the one major case was about this time, wasn't it - the Scarbeck case?*

TAYLOR: The Scarbeck case occurred during my time there.

*Q: Could you explain your perspective or what was happening there, and explain...?*

TAYLOR: I really can't pull those details out. I just remember how much time and energy it consumed.

The most fun aspect of those days was when they needed to marshal every hand available to provide security for President Kennedy's press conferences that were held frequently in the Dean Atchison Auditorium. Kennedy always arrived in the basement of the State

Department. Employees could just surround him down there with minimal protection, talk to him and shake hands. We, of course, had much tighter control even, I think, than today, on who could walk the halls. I remember myself catching someone from Izvestia who was walking the hall. He had been admitted for the press conference and then had spun off into walking the building.

I was also there during the Cuban missile crisis, which was one of the most stressful times I've known in the Department. We were all concerned about transfer of government, that is the relocation of government; I was involved in that issue. And then, of course, I was still stationed here when Kennedy was assassinated. That was a day and tragedy that will never escape my memory.

*Q: Now, a bit about the Cuban missile crisis as you saw it. On the security side, what were you thinking about?*

TAYLOR: Well, we had relocation sites for the transfer of an ongoing government in the event that Washington was evacuated. Arrangements were made for that possibility. I was on the list that, if notified, would require me to go to a point out of Washington. Of course I discussed this with my wife. Fortunately, the emergency did not materialize. And there was a very strong and growing sense during those weeks of the crisis that we were moving then to a who's going to blink climax, which is what developed.

*Q: Did you get involved at all in Consular affairs, or...*

TAYLOR: Oh, yes. As I say, I was only there eight months, and then Security was making an enormous effort to keep me permanently. What probably kept me on a more traditional Foreign Service course was that Security broke out of the old Bureau of Consular Affairs at that time and went under the Administrative Bureau. So I then moved up to the Executive Office of the Bureau of Consular Affairs, and worked with the Management Officer of the Executive Office on management issues.

*Q: Who was that?*

TAYLOR: That was Tony Chaska, married to Winnie Chaska, who was part of the Bill Crockett group born in Embassy Rome; and that was quite a network. But working with Tony Chaska was, again, a real education, because I was working with a senior Civil Service Officer on both domestic and foreign management issues. He and I together did the first work measurement study of the Consular function. We had nine installations overseas, and we extrapolated the data to the entire Consular function. It was the first time that this management tool had been applied to a culture that even today is very skeptical about quantitative tools. And so, that was a fascinating experience.

I was unfortunately involved in a lot of the internecine warfare going on between the front office of that bureau and Frances Knight.

*Q: Oh, boy. Could you explain a little...Abba Schwartz was the...*

TAYLOR: Abba Schwartz was our Assistant Secretary.

*Q: And the Passport Office was technically under what office?*

TAYLOR: Well, there were three offices. There was the Visa Office, the Passport Office, and the Office of Special Consular Services. And a fellow by the name of Donaldson headed the latter, and he was well known for his very senior position in the American Legion. He had a large office with an American Legion flag. Foreign Service officers ran visa Office. The Passport Office had never had a Foreign Service officer cross its doorstep. I was to have been that first Foreign Service officer to go there on a rotational tour, and never made it.

But the mistake that Abba Schwartz made when he came in as Assistant Secretary was in his confirmation hearings. He in effect declared war on Frances Knight by saying that he was going to see that her powers were properly contained.

Frances Knight, because she knew how to provide services, had very strong bipartisan support, and he did not appreciate this. She's the only person, I think, maybe in the history of Government, who has had her supergrade promotion written into legislation, because I think she was a GS-16 and had a raise to a -17 as an amendment to the annual authorizations bill. But it was a silly period, where the Assistant Secretary was trying to find some area of dereliction on Frances Knight's part so he could take measures to have her removed, and she was taking countermoves to show that he was either malicious or derelict in his duties. And unfortunately, that required go-betweens, and FSO Dick Scully, who was a staff assistant at the time, and I, who was on rotation, were those two young go-betweens. And we clocked in messages from Passport to the front office by date and time; it was a silly period.

*Q: I take it everything was treated as something that could be used in court or something.*

TAYLOR: Oh, exactly. And the Passport Office was - maybe still is - one of the best-run State offices. It used modern management techniques. Its requests for funding were never denied because they had quantitative backing, and so it was very hard to fault the way it was run in that sense. Frances Knight was faulted for her whims, the pick a word. Her famous one, of course, was when she denied a passport to an actress because the actress had changed the color of her hair, from one passport to another. Well, you can imagine how that would go over nowadays, but it didn't go over too well back then. She was also very conservative in terms of the restriction of travel and cooperating with efforts in Congress on that score.

*Q: And also, she is supposed to have had a very direct tie to J. Edgar Hoover, the head of the FBI at that time.*

TAYLOR: That's correct. You have to remember that she knew how to deliver services then. And if you were a Senator or Congressman and you or your constituencies needed an emergency passport, that was the kind of way that she ingratiated herself with the Hill, and she did a very good job on it.

*Q: She also kept score, I didn't realize this, on Consular Officers abroad. I found out at one point, somebody from the Passport Office came around; I was in Belgrade, I found out I was on her approved list. It was really something.*

TAYLOR: Well, those were interesting days, because the management aspect of it was most fascinating because as I say, the culture of the Department was epitomized by a view that said you cannot appreciate what we're doing if you try and apply quantitative methods. And so when we came up with our findings from the nine posts where we did a four-month work measurement study, we agreed that we would allow 100% deviation from the norm, from the averages of those results, before we would raise an issue of productivity. So I can remember going to Paris, speaking with a Consul General there who had just received a Unit Superior Honor Award. We had found that Paris was taking, I think, 11 hours to do an immigrant visa. The average in our study was four. So we wanted to find out how they could account for the difference between eight and 11, particularly since all the Foreign Service Officers spoke French; this was not a problem like in Poland, where you needed interpreters, you did not have a lot of Congressionals because you didn't have a visa waiting list. It was a fascinating experience to run into this Foreign Service culture. And before we left, after two days there, we had eliminated close to 50 positions in that huge Consulate General, and a lot of those positions weren't being well used; they were people loaned out, or on extended what-have-you.

*Q: Well, it's interesting. My background is Consular. And later this quantitative tool became a wonderful weapon in the hands of the Consular side, where they could get what they want, which continues to today. Right now, we're going through a funding crisis that the Consular side is getting its money, other people aren't.*

TAYLOR: What was fascinating here was to watch the very people - Tony Chaska, who had perfected these tools when he worked for Frances Knight in the Passport Office - extend those tools into the Consular function. One of the fascinating aspects of this study was that the Bureau of the Budget required that we come up with a new proposed tariff of Consular fees that would meet the requirement of recapturing government costs. So that meant that also, if not for the first time at least for the first time to that thoroughness, we were studying all imputed costs to perform a State Department Service, from the Secretary of State all the way down. All ancillary costs - communications, recruitment, training, home leaves, transfers - all these issues. And that was a fascinating study to do.

*Q: Well, now, what was your impression...obviously, you were a go-between and a Junior Officer of Abba Schwartz.*

TAYLOR: You're back to controversy. I told you, it was silly. It was hard to appreciate

that there were grown people playing this game, because the emphasis was not on service, it was a very political issue. I'm not saying there weren't factors without merit here, but clearly, the administration at that time had real problems with the politics and proclivities of a Frances Knight. And some of the things that they were looking for were the degree to which she was cooperating outside of channels with elements on the Hill. It went on. The end of the story, of course, is that Frances Knight outlasted Abba Schwartz.

*Q: My impression of Abba Schwartz was, I was Chief of the Consular Section in Belgrade. I remember coming back in 1964 or something, and going to the Bureau of Consular Affairs and saying I'd like to make a courtesy call on Abba Schwartz, and was told by his secretary, "He doesn't see Consular Officers." I said, "Alright." I mean, that's that, you know, I mean, it was an impression that was left that he was interested in migration, refugee matters, getting particularly Jewish migration, and that seemed to be, you know, what he was after, as opposed to later, under Barbara Watson, who would do this. I mean, did you get any of that impression?*

TAYLOR: No, I could comment more by the fact that we felt that we had support for what we were doing, but I don't recall any critical points when he gave us support. It was one in which we took the results of our studies and negotiated in and around the building, and we kept him informed. I don't recall any particular fondness he had for the Foreign Service, and my recollection would confirm yours, that his areas of emphasis were other than sort of traditional work overseas.

*Q: Going back, because I'm trying to get to the sort of culture of the Foreign Service, in these posts such as Paris and all, but I mean, as this came out, the fact that, you know, it took so long to issue an immigrant visa in one place, and so much shorter time in another place, which, there is a relationship, sometimes there are cultural ones, translation, as you point out, harder to get documents, you know, that type of thing, and probably the 100% is not a bad figure to use to allow for real differences. But how about reactions within, say, the administrative part of the Department, or any other reactions you were getting to this thing.*

TAYLOR: Well, the budget people in the Department, the Executive Offices, tended to not contest the arguments of Consular Officers, because it was an area they didn't understand. We were able to tell the managers that, look, why over in Warsaw, where they have a significant Congressional workload - that is, Congress would write about the status of cases that had been pending for years - where they have a translation issue, why are they handling an immigrant case in substantially less than half the time they were doing in Paris. One of the things we pointed out in Paris, as we analyzed what they did, is that there were three security services that could be checked. They checked all three, and they never asked themselves, concerning the benefits of checking all three. When they did, they narrowed it down to checking one. That was just an example.

Rotterdam was one that jumps out. I remember the day we were briefing the Executive Office of the EUR on our studies, and Rotterdam was a post to which we had

extrapolated our findings. They were about to give Rotterdam a new Consular position. Our studies showed that Rotterdam's productivity had fallen by two-thirds in the last two or three years, because they had built up their staff to handle a substantial special - I think it was a K - immigration program. And that program had ended. They should have drawn their staff down. Instead, they had adjusted their people to the amount of work that was there, and they were now justifying, by their lights, an additional position. We were able that day to give guidance to that resource manager, who said "no," because they had no prospects of getting that immigration flow back. That culture was one that I think has continued to haunt the Department. In my last job, as Head of Inspections, and before that in Personnel, we found that it was very hard to talk to our overseas managers about any kind of objective criteria that could be used in the justification of Foreign Service positions overseas, such as our trade interests, our political interests, planning quantitative measurements, the amount of U.S. foreign investment there, the presence of American citizens, things like this. These managers would generally say, "Yes, those are relevant facts, but there are so many other things you missed." And we would say, "Well, yes, but isn't that a beginning, and if you can begin with those criteria, then we can talk at the margins." That debate is still ongoing.

*Q: You were getting, really, a wonderful education, weren't you; I mean, both of Security, which included both physical and the personnel security, and then taking a look at this culture, which was at that time practically impervious to investigation of how it manages resources.*

TAYLOR: There's a valid debate as to whether or not when you join an organization you are better off having your initial experience at headquarters or in the field. That debate has been resolved thus far in favor of giving the Foreign Service Officer the maximum flavor of foreign service, to have them get at least two foreign tours. And I wouldn't really argue one way or the other; I'm saying in my experience, because it met personal needs, that first tour in Washington was just a fantastic experience. I got to look at management, I got to look at personalities from the top of the Department down, learn such mundane things as security, and communications, and budget processes. I attended a supervisory course with Civil Service interns, that I think all of them became SES level. I was the first Foreign Service Officer to do that. So it gave me an appreciation of the Civil Service that most Foreign Service Officers would not gain until much later in their career. I was very pleased by it. Many people would look at it and say, "What a peculiar way to start your career." And it was. It was very untraditional to start it in Security, but as I say, the bulk of those two years was spent in that Executive Office of the Consular Bureau.

*Q: Did you get any feel in that office about how visa requests from Congress inundate the Visa Office; I mean, Congressional constituents write to the Congress people to hurry up visas, and all. Did you get any feel about how Abba Schwartz, at the Bureau, dealt with those?*

TAYLOR: No, I really can't recall much on that.

*Q: What about Crockett, William Crockett, who was quite an innovator, and who was filled with thousands of ideas, I mean, sort of deluged the whole Department with new management things, which the Department up until that time nobody had even thought management-wise.*

TAYLOR: Well, he was the key area of support for this Consular Work Measurement Program, because my boss, Tony Chaska, worked with - I can't remember his name - another GS-15 management officer who was in the administrative area that reported to Bill Crockett. The experience out of Rome, where Bill Crockett was the Administrative Consular, was one that I recall slightly, namely, that there had been a very tough inspection there, and Bill Crockett had contested a lot of the inspection results on what I recall as having been management principles. And he brought that into his ongoing and upward career, espousing management principles of the day and shaking things up, taking on established centers of power such as the old Inspection Corps. I just remember that the management analyst function was coming into its own in those days. I don't see it having the same cache today that it had back in the early '60s.

*Q: What about in the Consular Bureau? Was Congressman John Rooney a power there? I mean, he was elsewhere, and Crockett was his particular hand holder, or bag boy. But how about from your perspective, seeing it from the management side of the Consular Bureau?*

TAYLOR: Well, as I say, we were extrapolating a very successful methodology from the Passport Office into the rest of the Consular function. And Rooney had always responded to requests that were based on quantitative justifications. He was famous for picking a given issue each year and he would focus on that in the budget hearings, and project the notion that he was being tough on the Department, and then after he won his issue, or beat it to death, no one touched the State Department authorization in the House after that. And one year it could be the language school in Nice, or State's Berlin train. I don't recall anything but support from him and his staff.

*Q: What happened to Tony Chaska afterwards, do you know?*

TAYLOR: He continued to work in that bureau, and retired from there, and died about 10 or 12 years ago.

*Q: You left Consular Bureau when?*

TAYLOR: In Spring of 1964, I was assigned to Panama as Vice Consul.

*Q: Being born in Colombia and having this background, had you had Latin America as something you were going to point yourself towards?*

TAYLOR: Well, it was the language that I had, not real well, but I had some Spanish. And I had taken several courses at the graduate level in Latin American regional studies.

So I remember that my first preferences in the assignment processes were in Latin America, and my first assignment was to have been in Caracas. That was an interesting introduction into the Foreign Service assignment process, because on the day we were being moved, I was told that the position I was going to was being filled by someone from Maracaibo because they shouldn't have assigned that person to Maracaibo. And so here we were the day of the move, and my assignment was canceled, and my in-laws were already in New York to see us off on the boat, and we had known about that assignment for nine months.

*Q: You got to Panama when?*

TAYLOR: In April of 1964.

*Q: You were there from April '64 until when?*

TAYLOR: Until, I think it was June of '66.

*Q: What was your job in Panama?*

TAYLOR: I was the Vice Consul for everything except visas. I handled citizenship services, a very big Federal benefits program, a lot of relations that involved the Republic of Panama, with the government of the Canal Zone, and with the military in the Canal Zone, so I often said I worked with three governments. It was a fascinating job.

*Q: Could you describe sort of the political situation there, because including the Canal Zone, which as you indicated was sort of a government unto itself, although it was American, and at that time, also the Panamanians.*

TAYLOR: We arrived just, I think, about three weeks after relations were reestablished after the January 1964 riots over that flag incident at Balboa High School. So we arrived in a city where the cars that belonged to Canal Zone employees who resided in the Republic, and had the letter "Z" at the beginning of their license plates; those cars were burned, and they were all over the city. It was a city that was still traumatized by those events; there were, I don't know, some 21 that I believe were killed. There had been a period of time when Panamanians could not transit their own country because the Canal Zone was closed to them to cross.

It was a very difficult time politically. Effectively, all arrangements were back on the table in terms of whether U.S. military people could live off base, whether Panama Canal Company people could continue to live out of the Zone in the Republic, and what arrangements Panamanians would have in the Zone itself. Interestingly, you had a Canal Zone was under the Fifth Circuit Court of the United States. For all one's preparation, you had to see the Canal Zone to believe it. I mean, it was really the last U.S. colony; the contrast between the Republic and the Zone was night and day; it was sort of a pristine babysat area as the Canal Zone residents felt very safe letting their children move about at

will in the Zone. But there were a lot of tensions.

The anomalies that existed still stick out in my mind. For example, a Panamanian resident arrested in the Zone would not be provided a lawyer or an interpreter when they were hauled into the U.S. Zone Court. There were a lot of areas of discrimination. A lot of us felt that even the slogan on the Canal Zone license plate was a major diplomatic affront, because it said, "Dividing a country to unite the world," and a lot of Panamanians saw that as just sort of turning the knife.

We had as an Ambassador when we first arrived Jack Vaughn who had many, many talents. I think he later was head of Peace Corps, and had just been Associate Director of Peace Corps for Latin America. But he quickly became known for his antipathy toward the Canal Zone, and that, frankly, didn't help. He would not accept protocolary and social invitations in the Canal Zone, and those often passed to me, a very young Vice Consul. And so I often spoke when they wanted anyone from the Embassy at Veterans of Foreign Wars, and VA affairs, and as my job would require, I got to know the port captains on both the Atlantic and Pacific, and went to a number of just civic affairs in the Zone. I found some, as you will anywhere, very delightful people. There was unfortunately just a small minority of Canal Zone residents that took advantage of where they were geographically; they learned Spanish, they learned the local history and culture, and in fact, there was virtually no cultural activity of note in the Republic that was not either initiated or didn't benefit from major support from Canal Zone residents. So while the vast majority of them lived unto themselves, there was a very active and commendable minority that were good citizens, good guests in that Republic.

*Q: What type of government was there in Panama at that time?*

TAYLOR: Well, it was a military-supported government as you would find throughout most of Latin America in the 1960s, even later. Panama had been a history of fraudulent and contested elections, coups and anti-American riots. By April 1964, when we arrived, Panama was quieting down after the January riots, but it was in a run up to Presidential elections. Panamanians took their elections very seriously; voting was very high, even illiterate people converged on positions, on candidates. I remember our maid had campaign posters all in her room. And the issue of the Canal always was in the middle of their elections. The candidates' rhetoric had a degree of shrillness in their proclamation of sovereignty and redress of injustices; that was the outward sign. Underneath, there were distinct levels on commitment on cooperating with the U.S. Government. In the end, Marco Robles won but was challenged by previous President Arnulfo Arias, who alleged fraud.

*Q: I don't know Panama at all, but was there the usual thing of society as a gap between the wealthy who maybe work with the military and are doing quite well, run in sort of the top social circle, and then the minor commercial class, and then you go down, or not?*

TAYLOR: That's very accurate. A lot of it had to do with color; of course. Throughout

Latin America the relatively light-skinned people tended to be in the elite. There was a very interesting schism in the Black community, which was West Indian. Those who had been imported by the French on their attempt to build the Canal and had then stayed, regarded themselves as significant socioeconomic step above the West Indians that were brought in by the Americans. These West Indians were trying to maintain their culture, including their own churches and schools, usually Methodist or Episcopal. Their difficulty arose when they retired from the Canal Company, because at that point they had to leave their communities in the Canal Zone and move in the Republic. Then, some of their progeny who did not work for the Canal Company wanted English-language schools as key to maintaining their culture. A very prominent newspaper was still in English since there was a significant English subculture among this group of immigrants. In contrast, the first group of West Indians had integrated into the Panamanian society and had pretty much left their language. This contest was a real element in the discrimination the “new” West Indians experienced.

As you said, there was a very small upper class, what would stand for an aristocracy in the country, and that class was generally landed and was moving into commerce. A lot of them had businesses that related to the Canal Company. The whole function of the Canal, probably in its secondary, tertiary economic effects counted for, in those days, probably 25-30% of the economy.

*Q: Was the embassy pretty much embraced by the equivalent to the aristocracy or not? I mean, was...*

TAYLOR: Well, we had a few Foreign Service Nationals who came out of that aristocracy, as embassies did back in those days. In fact, the one accorded the unofficial title as most senior local worked for me. She was a very refined lady, but could become very contentious in providing services to some from the Canal Zone who she sensed were condescending toward Panamanians.

We had, I think, a pretty good range of contacts, including with the labor elements. We had those in the Chiriqui Land Company, which belonged to United Fruit, and had its labor problems up in the west toward the Costa Rican border. We had a consulate at David in that region in those days. Cuban influences were there as elsewhere, particularly through the labor sector; and so we paid attention to labor.

There was friction, of course, with our own military; some of it was healthy, some not. Military units had civic action projects that we certainly liked, but they would tend to not be coordinated with AID, which was often likely to be engaged in similar activities. The Panamanians, who had very few areas in which they could exercise sovereignty, tended to exaggerate the areas in which they did, to the point where some of it was, frankly, a little ridiculous. We would provide out of the Canal Zone air bases medical emergency transport from all around the country into Panama hospitals. This required overflight clearances, and they were exacting in this because this was an exercise in which they could exercise sovereignty. They were picayunish; they wanted to know the full names of

everyone who'd be on the helicopter, the tail numbers, exact flight plans, and all these things that sometimes we didn't have all of that as soon as we wanted to, and yet, somebody was in jeopardy. One could appreciate their need to exercise sovereignty where they could, and yet, they picked some funny areas to do it. I remember as evidence of the dominant U.S. Presence, and I'll close with this, that their Foreign Ministry was divided into two areas/bureaus: one, relations with the United States, and the other, relations with the rest of the world.

*Q: What about the Canal Zone, when you were there. In the first place, what was sort of your attitude, and you might say, of the embassy; was there a feeling that, you know, this isn't going to last, that eventually something will have to be done about this, or not?*

TAYLOR: Well, if you reviewed our various Executive Agreements (and after the January 1964 riots modifications were being made and President Johnson had declared the U.S. Intention to renegotiate the Panama Canal Treaty), you could see a long history that did not point favorably toward U.S. implementation. Typically, what happened is that there would be by Executive Agreement some commercial concession for Panamanians to participate in specified commercial activities with the Canal Company, in the Canal Zone, or just concerning our presence in the Zone. Or there was an agreement, central to the riots in January, on where the U.S. flags would be flown in the Zone. And there were areas stipulated where if one flag was flown, both would be flown. And you could see that time after time, Canal Zone residents, Americans, would take those Executive Agreements to U.S. Federal Court and tie them up in legal knots, at minimum delaying implementation. Thus, there was a well-founded perception on the part of many Panamanians that what we were doing lacked good will. Because their legal system was much more politicized, they concluded that the actions in our courts likewise reflected political considerations. It was clear that Panamanian concerns over the conditions under which U.S. operated the canal were heating up and were unlikely to go away. This was complicated by the lively issue in those days over the prospect of a sea level canal, a development that could radically change the politics as well as economics of the canal.

*Q: Sea level canal was basically through Nicaragua, wasn't it?*

TAYLOR: The two key options discussed were one in Panama and one in Nicaragua. One of the things that stands out in my mind that affected Foreign Service life was that we were accredited to the Republic of Panama, and I would say there was strong consensus in the Embassy that we were doing things that were inimical to the accreditation. In lieu of having allowances that compensated for what was a high cost situation in the Republic, our government gave us access to the Canal Zone commissaries and the military PXs. The result of that was obvious: we tended to go into the Canal Zone for our shopping, for our recreation, to go to the movies, to play golf, use their recreational vehicles, so our leisure, our out-of-office lifestyle was too much directed toward a community where we had no accreditation, where we had no business. And Ambassador Vaughan quite rightly tried to do everything possible to get us to focus on the Republic, and he tried to work this around its issue and didn't succeed.

This Embassy optic was aggravated by the period when relations were broken, because employees who were in a transit or insecure accommodation status in Panama City moved into the Canal Zone. Some moved into the old Tivoli Guest House, a hotel, and once settled, stayed. So you had, in the extreme, people living in the Canal Zone working in the Embassy; the Ambassador did end that. But I'm always struck by the anomalous situation of being accredited to a Republic and then having our lifestyle too much oriented to what was, in effect, a U.S. colony.

*Q: We have some of the same problems, don't we, in Tijuana even today, where you have people, consular officers and families and all, living in the San Diego area, and commuting on a daily basis. Maybe that's stopped, I don't know. We have this a lot, of course, in Europe, where our people do their shopping in major commissaries and PXs, including those out of country. And to the extent that they do that, they're not getting to know the local shopkeepers, and walking the local streets, and it's an economic determination but it's unfortunate to the role of a diplomat, which should be to try and mix and get to know people. By the way, I can't remember exactly when the Dominican intervention came - was that while you were in Panama, or not?*

TAYLOR: I think I was in Australia at that point.

*Q: Okay, fine, if you don't remember, I was just wondering... Then you left there in '66. Oh, by the way, how about consular cases? Arrest cases.*

TAYLOR: The workload in Panama was fascinating, each aspect of it. I worked with the military to develop arrangements and information on how we could encourage our residents in the Canal Zone, military and civilians, to drive the Inter-American Highway to Central America and to the States when they went on their transfers and holidays. We thought that that would be good for diplomacy and good for their personal growth. So we developed maps and booklets and through our embassies tried to facilitate such travel. That was a fun exercise.

I was interviewed for a five-part series in the Los Angeles Times, that was called "The End of the Road," referring to Panama City as (save 38 miles) the end of the Inter-American Highway until it resumed in Colombia. It consisted of anecdotal stories I gave the reporter each representing a case where people did not know we were the end of the road.

And this responds to your question about my workload, because I averaged in each of those two years some 300 welfare and protection cases, defining a case as that which took at least an hour. And the bulk of those were young people who would come down as far as Panama and would assume that they could easily get on a ship back to the States. What they did not know was that there was a huge resident seaman's community in Panama, and a lot of these people didn't want to work full-time, so they were available. There were a lot of them, and they had their seamen's cards. So the typical case was two to four students would show up in the office in the morning, and they'd be down to their last few

dollars, and they would want that repatriation loan from the State Department that had been made famous by Lee Harvey Oswald. They'd say, "Hi, Cons, where's my money?" That's the way the conversation would start. I inherited a small fund from the local American Society, and to this day I'm proud of the fact that that fund was diminished by, I think, \$50 during my two years. I managed to get money from everybody's family, get some old loans repaid, and only take one loan out of that repatriation, and that was for a large Puerto Rican family of eight.

But we had peculiar cases: we had those who tried to breach the Darien Gap (where the Inter-American Highway becomes a swampy, jungle stretch) in an amphibious jeep and got stuck. We had people who would assume they could just drive from Panama to South America. I remember two Jehovah's Witnesses out of New York who drove all the way down to Panama on their way to Belem, Brazil. They walked into my office, pointed to strip maps and other maps from AAA, and said, "AAA told us to go into the Embassy in Panama, and you would give us the rest of the strip map." When I explained to them that they could not drive from Panama to the east coast of South America, they were appalled, and likewise, that they couldn't drive to South America at all.

*Q: Particularly during the '30s and up to the '60s, there was great talk about the Pan American Highway, where you could go...*

TAYLOR: You could go 38 miles from Panama south to Chepo, and then it ended. And then you hit swamp. But a number of folk would come to Panama by road or otherwise and think it was easy for them to go by road from there on.

*Q: Well, how did the Panamanians deal with, I mean, how did you find the Panamanian police and authorities dealing with Americans who got in trouble there?*

TAYLOR: Well, they were quite cooperative, because basically, what we wanted to do was get them out of our jurisdiction, and they didn't want them in their jails if they didn't have to be. A lot of the incidents related to the military, and of course, the military had people that worked those, and I worked with the military enforcement and judicial folk. We had a community of pensioners, a large community of West Indian pensioners, that was our Federal Benefits Program, and that's another story of service. But we had a small community of Americans that would find it inexpensive to live in rural parts of Panama, and they created difficulties, because they often died intestate and we couldn't reach their U.S. families or their U.S. Relatives couldn't reach them. And then we also had a small workload, small in number but large in difficulties, of people who would fly from Miami to Panama - it was about \$63 in those days - and it seemed that there was a high number of people with mental problems, people who were under U.S. Veterans Administration or other U.S. Governmental care, who weren't mentally well, and they would come to our attention because they were doing peculiar things in some small town in Panama, and we had to deal with those, and try to repatriate them by a return flight to Miami.

*Q: In those days, though, you could kind of, with cooperation, really get somebody to get*

*a tranquilizing shot and get them on the plane.*

TAYLOR: Well, this confesses almost a breach of human rights here, but on several occasions, we would arrange with authorities in the Canal Zone to drive one of these unwell folk into the Canal Zone and have them arrested, and then during that period of detention without charges, transport would be arranged to send them back to Miami, and it would be covered by the old HEW. And so, it would move into domestic resources of the U.S. Government, and all the arrangements would be handled by the Canal Zone. That's because we developed good cooperation there.

And same on deaths. The Canal Zone had a crematorium, and a mortuary that we were able to use. This worked well through the first year of my tour, and then we hit another manifestation of Panama's exercise of sovereignty. They caught on to this use of the Canal Zone, and realized that there was money in the mortician business, and so they prohibited any transfer of American bodies into the Canal Zone. Not surprisingly, my second year witnessed some very messy and contentious death and returned bodies cases.

*Q: The drug culture hadn't really hit at that point.*

TAYLOR: No, I had never heard of drugs at that point. We had a lot of contraband activity.

*Q: Contraband being what?*

TAYLOR: Well, it was tobacco, liquor, and electronic appliances, because Panama had duty free zones in both ends of the Canal. There was a heavy trans shipment business and things would somehow (local corruption) leak out; goods would go from the duty free zone and be flown to Curacao or to other islands, other parts of Latin America, and enter illegally.

The odd kind of thing is you'd have contrabandists come to the Embassy with complaints that their plane was stolen, or complaints that were over some civil air issue when they were in the contraband business. Clearly, the business was so well established that they felt comfortable in pursuing rights they might otherwise have had. Those were interesting cases.

*Q: Of course, we were at the height of a Cold War, and the Panama Canal being one of the most strategic sites, did the Cold War intrude at all, spies, that sort of thing, saboteurs, or Cuban problems, or anything like that that you're aware of?*

TAYLOR: Well, yes. Of course, Cuba was very much on our radar screen by the 1964-66 period. We had revolutionary pockets, particularly up in the western part of Panama. There were caches of weapons found up there in some of the guerrilla movements in Panama. I can remember one cache of weapons and information found in which all of the homes in the Canal Zone had been allocated to revolutionaries by house number and

name.

*Q: What was Castro's, Feguretta was in charge....*

TAYLOR: Very active in the western part of the country, supported by the labor union movement centered in Porto Armuelles. This was a period of a lot of political activity that had support out of Cuba and out of Moscow, so we did a lot of ship watching in that Canal area. We had a very large intelligence community based both in our military bases in the Canal Zone, as well as in the Republic.

We witnessed a lot of anti-U.S. demonstrations. There's a comical aspect on this. A typical demonstration would form up in the old sector of Panama City, probably 12 blocks from the embassy. Sometimes we would say that up to half the demonstrators were "watchers/intelligence types in the pay of the U.S. Government. One or two embassy people would go down there, and over time, got to know all the people in the employ of the intelligence services based in the Canal Zone, and it was almost akin to the story in the U.S. that the only reliable members of the Communist Party were FBI informants. It was almost that way in Panama.

The typical drill would be that this demonstration would form up, and their target was the American Embassy. They would come toward the embassy, and about two blocks from the embassy, the National Guard would stop them, and usually send off some tear gas. Almost without fail the prevailing wind brought that tear gas to the embassy. I don't know to this day whether or not those demonstrators ever learned how effective they were, but we would get that tear gas into our air system in the embassy, and often, there were some very pernicious effects. But I don't think, looking back, that hardly a week passed that we didn't have some security incidents; bomb threats. I remember one bomb was laid right outside my office door; if it had gone off there would have been a six-foot diameter hole. A lot of this reflected the political ill will in the aftermath of the riots.

*Q: You might explain. You mentioned the flag thing at Balboa High School, but you might just put that into perspective as to what it was.*

TAYLOR: This related to the agreement I alluded to earlier, that talked about... It was an agreement between the U.S. and Panama as to where the U.S. flags would be flown in the Canal Zone and where it must be accompanied by a Panamanian flag. Either schools were on the list to fly any flag or if they did it would be a case for a parallel Panamanian flag. This didn't sit well with most Canal Zone Americans. At Balboa High School, some American students raised the American flag, and it was up there for some hours. You've got to remember, the Zone is only ten miles wide, and this was at the edge of that ten miles, right close to Panama City, and the word got out very quickly that one flag was up. So some students came in from the Republic carrying the Panamanian flag to rise also. And the rest is history: riots ensued, and it escalated, and there were a lot of burnings in the city, the Pan Am building was burned, and people were - about 21, I think - were killed. Again, if you read the history of this, most of the people killed were looters. The

ironically sad thing about the building where Pan Am was was that it was owned by the Social Security Administration of Panama, and just leased in part by Pan American Airways. But Americans were targeted, and it was, in a sense, a straw breaking a camel's back; there were just a lot of grievances, a lot of complexes, and this incident ignited those. And so it took the two governments back to the drawing board. President Johnson, as soon as this happened, said that there would be a new treaty.

*Q: When you left there, then, is there anything else we should cover, do you think? How did your wife find it?*

TAYLOR: Those were the days when the Foreign Service wife was two for the price of one, very much under the discipline of the Foreign Service establishment. Ginny was an elementary school teacher, had just dominated what was called in those days "the new math," and the Ambassador's wife, Mrs. Vaughn, was fascinated by this. Then, recall that I said earlier that her husband viewed the Canal Zone as sort of an object of missionary zeal, and we had to convert them. And so between the Ambassador and Mrs. Vaughn, they were encouraging my wife strongly to teach in the Canal Zone, both because she had this new math education, and because they, the Zone, needed people from State Department. So once we got settled and had a maid looking after our child and what have you, Ginny did substitute teaching, and eventually, at their urging, she was a full-time teacher in the Canal Zone.

The reaction of the DCM's wife was interesting, because she, in writing, told Ginny that this in no way would relieve her of her obligations as an embassy spouse, to take her turn on charitable activities and embassy activities. I remember even in the period when she was substitute teaching, she had agreed to a two- or three-week period, and the DCM's wife arranged for the monthly tea to be in our apartment without ever checking with my Ginny. She expected my wife to cancel her substitute teaching. That was not atypical at that time. It made for an interesting climate in those days.

Our housing situation for us three was adequate but definitely not luxurious. The other identical apartment in our building was occupied by a single embassy secretary. I remember the inspections in those days. We had an inspection team of four come through, and we were all told to sign up for which nights we would entertain the inspectors, and that they could open anything in our apartment - our closets, bureaus, dressers, what have you. I recall we invited the lead inspector, a former Ambassador, and another inspector. They came out, and the Ambassador just sat there and drank about half a bottle of Scotch and went sound asleep, and the other person was embarrassed and delightful. It was an interesting period. I recall this especially later when I was in charge of inspections. The contrast was night and day, with current practice being a polite, "The inspectors would be pleased to be included in your scheduled representational activities."

*Q: We're talking about 1966, you left Panama.*

TAYLOR: Well, the Service in those days was changing. We were moving then into

specialization, and I remember the inspectors asked me, when they came, in effect, “What do you want to be when you grow up?” And the specific question was, “Where do you see yourself in the next five years?” And we had heard so many things as to where the Foreign Service was going, I said, with full respect, “Well, I’m really committed to the Foreign Service as a career, so if you tell me where the Foreign Service is going to be in five years, I could answer that question, because basically, I will respond to how the Foreign Service is moving.” So we then did get our options, and I remember carefully considering these new functional designations, and chose to go into the economic area. I had had some economics in undergraduate and graduate, but it certainly wasn’t my strong suit, but I saw it as an area that was developing, and I was fascinated by some of the things I had done in some economic surveys in Panama, even as a Consular Officer. So my next tour was to Canberra, as the number two Economic Officer.

*Q: So you took home leave and then went to Canberra.*

TAYLOR: That’s right.

*Q: How did your wife feel about the Foreign Service at this time?*

TAYLOR: Well, we’d had a rocky arrival for our first overseas tour. You recall that we prepared to be posted to Caracas where we had been told to bring a year’s supply of everything; we had sold our car because it was not suitable for the hills and servicing available in Caracas, and had gone in hock to buy a new car, and so we, in those days people eschewed debt, and we were in debt. Posted then to Panama, it took us a full two years to pay off these consumer loans, and here we were in the land of the PX, and we brought all of our toothbrushes and the like with us for two years. So it was a rocky start financially, but she enjoyed her teaching, we had good friends, both Panamanian and in the Canal Zone, and I think we look back at that as a very good period. We still have friends from that period.

*Q: How did you get to Canberra?*

TAYLOR: Well, this was interesting because we were beginning to pay attention in the U.S. to car safety. Here we were going to a right-hand drive country, and yet the regulations said you could only have a new car every four years. And so we tried to appeal that, and did not win. So we sold our only two-year-old car in Panama, and got lower than U.S. Blue Book price because all those military there drove the price down. So then we bought a new Australian Ford Falcon when we got there. We flew to Australia, after home leave in Minnesota and driving to San Francisco on a Foreign Service rental car. And I remember the flight from Hawaii because it was for us the longest flight in our lives, although I’ve taken many longer since. Our son was three years old, and it was 13 hours from Honolulu to Sydney on a 707. There were no vacant seats, and he didn’t sleep a wink. It was a long flight, and then we were late in Sydney to our flight up to Canberra. That influenced us two years later to return by ship at the end of that tour.

*Q: You were in Canberra from when to when?*

TAYLOR: '66 to '68.

*Q: Who was the Ambassador at that time?*

TAYLOR: Well, it was a fascinating person. We had two, but the first one was Ed Clark. Ed Clark was a Texan of the old school, one of three alleged to have made LBJ's career. Formerly Esso's general counsel there, he was after being ambassador written up in Reader's Digest as an "Unforgettable Character," and he was. A delightful person who brought valued contacts and insight to the Embassy. We used to say that his Christmas card list would have been Fortune's 500. He had people visit the Embassy that would normally never visit embassies: the Dillinghams, the Linkletters, the big contractors of Brown and Root, people doing big things in Australia, that typically don't need the Embassy. And wisely, he left much of the running of the Embassy to DCM Ed Cronk, who later became Ambassador to Singapore. Later, we had Bill Crook, who had been head of VISTA; a Johnson lame duck political appointment, also out of Texas.

*Q: VISTA being a domestic Peace Corps.*

TAYLOR: Domestic Peace Corps. He was well-intentioned but temperamentally and ideologically ill-prepared for that post. He had very little public experience, and wanted to duplicate Vista in the Embassy and transplant the "ongoing revolution in the U.S." to Australia. So he targeted Australian youth. In Canberra this was a stretch. When I left, the youngest officer in the Embassy was 38. We had an Embassy Youth Officer; there were very few youth in Canberra. It was an interesting period for the U.S., where the U.S. was expanding military ties with Australia, we were engaged in Vietnam, Australia became an R&R post for Vietnam, and we sold a wing of F-111s to the Australians. They became known as "the flying opera house" because its cost escalated more than the Sydney Opera house. It was a small Embassy, only 11 officers, relating to the entire Australian government. So my boss and I related to six departments. It was just a stupendous experience, as I developed relationships with people who later became Prime Minister and Ministers. Canberra was a small fishbowl of 90,000 people, and it was easy to rub shoulders with Australians from every walk of life in the city.

*Q: What was the political situation in Australia at the time?*

TAYLOR: Well, the Liberal Party, which was Conservative, was in power. Harold Holt was the Prime Minister, had succeeded Sir Robert Menzies, who was an institution. The Country Labour Party was in opposition, but agreed on many of the conservative policies of the government. The Labor Party was the main opposition; it wasn't to come into power until some years after we left. And that's when we assigned only our second post-World War II Career Ambassador, Marshall Green, when we took the Australia's politics less for granted. The 1960s was a period when we had a strong alliance politically and economically. The U.S. was, in any given year, either number one or number two buyer

and supplier to Australia, competing with Japan. We had strong investments in Australia, a very pro-American position on the part of the government and the people, still reflecting their World War II experience. The Annual Ball in commemoration of the Battle of the Coral Sea was a big event in those days.

*Q: Something that's almost unknown in the United States.*

TAYLOR: Exactly. When my wife was expecting, the end of 1967, I had annual leave to use or lose. I arranged with Richard Mueller, an officer even younger than I (and who's presently Consul General in Hong Kong) to do a safari of the outback of Australia. We drove 5600 miles in 23 days, and we should have written it up; it was a fantastic experience. Over half of it was on dirt roads. We went from Canberra to Port Adelaide, then north through the center via Coober Pedy, through the desert, went by the missile range in Wommera, to Alice Springs, out to Ayres Rock and the Olgas, to Tennent Creek, visited the large mines at Mount Isa, in which the U.S. firm ASARCO had a 42% interest. Before that we visited one of the largest stations and one of the 14 King Ranch properties in Australia, called Brunette Downs, which had been, I recall, about the size of Maryland. We then went all the way to the east coast to Townsville, south and out to the Great Barrier Reef, and then out to Lightning Ridge, the world's chief source of black opals, where the expression is "fossicking the mullock heaps." That means you're digging in the tailings of (hopefully) expired opal mines. And we found some opals of modest value. But it was a fascinating experience to meet people in that central and northern part of Australia, where a Toyota would have been stoned or burned on sight, where the pro-American feeling was still so intense and the anti-Japanese feeling equated. The U.S. Corps of Engineers built the roads in that area; we were very much viewed, still, as having saved Australia. Fascinating place.

*Q: How did you find the economic/commercial side?*

TAYLOR: Well, the issues we dealt with were areas of common interest and areas of friction, because we were a substantial trade partner. There were discussions over Australia's very high tariffs as well as U.S. investments, the latter including helping our investors move along their paperwork. And then, there was a lot of cooperation in the primary markets, in international commodity agreements, on minerals, on grains. We were both competitors and also allies on some of those market concerns. So it was a nice breadth of issues. I learned just before leaving the U.S. that I would inherit the workloads of both the Science Attaché and Minerals Attaché. The Ambassador with short notice dismissed both just before I arrived. We were running, back in those days, \$80,000,000 in science grants from the U.S. Government to Australia, mainly to its universities. That required a lot of monitoring of that. The minerals portfolio reflected strong U.S. interests and required a good bit of coverage and reporting. So there was more than enough work for two officers. In my second year we succeeded in combining the Minerals and Science functions into a third Economic position.

We had a relatively large military representation, owing to the alliance and military sales.

We had both a Defense Attaché and a CINCPAC representative from the CINC in Hawaii. And that person, that attaché, was Alex Butterfield, well known in later days as a member of the White House staff that revealed under questioning that Nixon's conversations had been taped.

*Q: Did President Johnson come out while you were there?*

TAYLOR: We had two visits by the President.

*Q: Very unusual.*

TAYLOR: It was unusual, and one flowed from the other visit. First was a regular official State visit, which might have been influenced by his strong friendship with the Ambassador Clark. I can recall one time picking up a ringing phone in the Chancery, and LBJ was already on line asking for "Ed," the Ambassador. They were very close. Johnson came out, and it was my first exposure to a Presidential visit. It left memories of both magnitude, ineptitude and chauvinism. There were a team of White House counselors that came out, one assigned to each of the Australian cities, four of them, where the President would visit, and for all intents and purposes, we sort of took over the visit, even though we were the invited ones. And I remember the huge books and instructions, and the requirements for each of his hotel suites - for seven-foot beds, the shower head and spigot, carpet pile of a certain dimension and the like.

*Q: The height of the shower?*

TAYLOR: Yes, the shower had to have one nozzle for hot and cold; the head had to be, I recall, seven feet. The most amusing part was, we were instructed what papers had to be delivered to the President by a certain time. This is very interesting when you're on the other side of the dateline. But we inundated the cities with small American flags. The first thing that was amazing was when the U.S. Army Signal Corps came out and did an overlay of the Australian telephone system, so that we could, with three digits, could communicate with all key people in the Australian government from the Embassy. And you could pick up your phone in your own Chancery Office and the answer would be, "White House switchboard." Some of that got laid onto the first hotel before the rooms were all vacated, so we had some interesting stories of hotel guests in Canberra not being able to call out; they could only get the White House switchboard.

But anyway, he came, it was a very successful visit, although it left some bruised feelings on the official side, because we tended to take over the visit, as we often do. But then when Harold Holt, the Prime Minister, died within, I think, nine months...

*Q: Was this the swimming...*

TAYLOR: He was snorkeling; he loved that sport. And he got caught in currents or something, and was lost, and so we had another visit when President Johnson came out to

the funeral.

*Q: Well, now, looking at this, I mean, you had already been in one Embassy and you'd seen Jack Vaughn doing his thing. What was your impression about Ed Clark, as far as being an Ambassador; how effective do you think he was?*

TAYLOR: Well, he seemed to be quite appropriate for that time. Australian youth weren't making much of an impact, it was a very conservative regime, a strong military ally, our commercial relationships were very much on the harmonious side, so what we had was an Ambassador who was, in effect, promoting investments in Australia. It was hard for us, in all the speeches we wrote for him, to mention the United States; usually, when anything other than Australia was mentioned, it was Texas. But he was very good in relating to people. The Australians first took his accent as being somewhat of a putdown, but then they realized how authentic he was. He drove the very provincial diplomatic corps in Canberra nuts; it was a very provincial city, kind of stuffy. He drove them out of Canberra, because he traveled all the time, and he got such good press because of his travel, that the other Ambassadors started traveling. So it had a dramatic change on how diplomacy was conducted. Canberra was still in the transition, where ministries were moving up from Melbourne, and so our own Embassy was forming up, particularly in the intelligence areas. As I said before, he struck, in my view, a good balance exploiting his assets he brought to the job, but not distorting areas in which he didn't have expertise. That isn't to say he didn't want to learn, didn't want to be informed, but we had a very good DCM, and other good officers, and he listened to them and followed their good advice.

*Q: You mention the next Ambassador was Cook; he didn't seem temperamentally suited. How did that work?*

TAYLOR: Well, he came with the notion that the U.S. was in an ongoing revolution and that that was a theme he was going to have from his Embassy. And so, everywhere he traveled, he directed the Consul Generals to put him in touch with youth. And he wanted opposition youth. And while there was certainly opposition to our role in Viet Nam and what have you, the movement of the '60s in the U.S. was not in parallel form in Australia. And so, he was constantly complaining and frustrated that he wasn't meeting true revolutionaries, so it was kind of an artificial situation. I can remember after a farewell dinner for us, he took me out to walk on the Embassy property, and he said, "Now, Clyde, forget that you're Second Secretary and I'm the Ambassador. I want your frank advice on how I'm doing and what I ought to change." And I told him. I said, "Well, Mr. Ambassador, when I leave, I've been your Youth Officer, your new young officer will be 38 years old; as it is, the youth in Canberra were typically graduate students from the Australian National University whose ages ranged up to their 40s. They love to come to your residence and empty your liquor closet." I said, "I know you've been frustrated by this; I think you're putting too much emphasis in an area that doesn't exist. It's great that you are directing us to turn attention to another segment of society that tends to get ignored in diplomacy, so that we build those relationships for the future, but

there is not a corollary youth revolution in Australia, and the way you're been going at it is quite artificial." He took it fairly well. I wish I could answer the question you'll ask as to whether or not he changed. He stayed there; he was one of those Ambassadors who got appointed in a president's lame duck year, arriving I recall with about nine months to give the job, and gone by the next January because the party had changed.

*Q: Well, I was in a somewhat comparable time, a little earlier, in Belgrade, where they were pushing us to have Youth Officers. The Communist Society at that time were World War II veterans, and youth wasn't getting anywhere. And I mean, it just wasn't a society... We kept trying... Washington was having this idea of, you know, whatever the theme is, that that must be the way it is in other countries, and really, it wasn't comparable.*

TAYLOR: We did much better on the science side. We were in the post-Sputnik period, with Science Attachés, and that made a lot more sense. I think that kind of a program has to be calibrated by the country; in Latin America, it would have had much more resonance, I think.

*Q: Well, then, maybe this would be a good time to stop on this, and so, next time, I like to put at the end, you left there when?*

TAYLOR: Well, it was interesting. I was desirous for a third year, for two reasons. One, I had increasingly been involved in people investing in Papua, New Guinea, which was a territory of Australia at the time. And as Science Liaison Officer, I had done a lot of things with the U.S. and other countries relating to Antarctica. And yet, I hadn't been able to visit either place, and had I stayed a third year, I would have gone down to Christchurch and into Antarctica. For instance, out of the Embassy's grog shop, we always assisted the American Commander who went on the Russian ship, and of course, the Russian who came on our ship brought a big store of Vodka. But I wanted to go to Papua, New Guinea as well.

Just a last comment: one of the things that we did in those days, was to give political and economic risk assessments to OPIC, a new entity, the Overseas Private Investment Corporation, when it had insurance applications from potential overseas investors. John Dorrance, my counterpart in the Political Section, and who was a real expert on the South Seas and had done studies out of the East-West Center, and I would collaborate in writing the political assessments on insurance. And we wrote with great confidence that Papua, New Guinea would still be a dependent of Australia for at least 20 years. And of course, I don't think it was that way for even 10 years. But that was the case in predicting And the big development, of course, the big Bougainville mine, has proved to have been a major source of contention as well as economic stimulus for that country since.

I would have done the third year, and we got hit by those sequential balance of payments measures, BALPAs, where the State Department had been argued into the corner that somehow our modest savings could affect U.S. balance of payments, which was being

swamped, of course, by our military activity overseas. So we brought back, in 1968, when I was trying to extend a third year, some 300 positions. And if you'll recall, most of those positions were being loaned to U.S. domestic agencies under some reimbursable arrangements, so my initial assignment was to the Office of Education, HEW. And my Canberra DCM, who was an Economic Officer, wanted me to grow as an Economic Officer, argued for my getting a job in the Economic Bureau. Fortunately, with his intervention, I landed a job in the Economic Bureau.

*Q: So we're moving to the Economic Bureau. I always like to have the dates. You were there from when to when?*

TAYLOR: I got there the fall of 1968, September '68, and I stayed until July of '71, when I went into the Economic course.

*Q: Could you give me a little feel for the Economic Bureau in the late '60s? I mean, where it kind of stood in the pecking order, from your position, what sort of weight it had, and the type of people who were in it, and what were some of the issues?*

TAYLOR: That period may have been its heyday. The Office of Special Trade Representative got its travel money out of the Economic Bureau's budget, the Economic Bureau had the delegate's position in most international trade negotiations. A primary example would have been in textiles, where Commerce Department and the USTR were members of a delegation headed by a Division Chief in the Economic Bureau. Those were the days of Jim Aikens and Tom Enders in Fuels and Energy. Jules Katz was a Deputy Assistant Secretary for Resource and Crude Policy, a very powerful and highly respected official, career Civil Service. We had Paul Boeker and Fred Bergsten in International Finance; very strong people. I served a brief time with Tex Harris, who's now President of the American Foreign Service Association, as Staff Assistant, during the transition time from when Joel Greenwald was Acting Assistant Secretary and then Phil Trezise became Assistant Secretary. These were very, very competent, highly regarded Economic Officers. So frankly, it was just a joy to go to work. I'll give you an example. I was assigned as the number four officer in the four-officer Division of Industrial Strategic Materials. We represented the Department on the Interagency Materials Advisory Committee, which not only set the criteria for strategic stockpiles, but the policies for managing and disposing of the stockpiles. The head of EPA in those days, Emergency Planning Agency, chaired the meetings, but State sat at the right hand of the Chair, and was accorded some deference in its views. And those views had to do with looking at the nature of war planning; we didn't make that specific decision, but we certainly pointed out the implications of whether we were in a two-conventional, or nuclear, or what-have-you, all the different variables. At that time, and because President Johnson was trying to avoid raising taxes to support the Vietnam War, we were given a goal of raising \$1 billion through sales of surplus strategic stockpiles. This was done by changing, frankly, the nature of strategic planning, so we didn't need the stocks that we had. But then under the law that existed, we were to dispose of those stockpiles in a way that took into account the effect of those disposals on international markets. It didn't mean that you

negotiated in a strict negotiation, but it meant that you did everything but that. We consulted. And one year when I was Acting Division Chief, I managed 35 separate stockpile disposal program consultations, some several dozen countries. Some were highly political, like tin, rubber, affecting much smaller countries, or mica, where there's a very labor-intensive concern in India.

But we, in that small Division, chaired the commodity delegations, such as Iron and Steel to the ECE and the OECD, the Lead and Zinc Study Group, International Rubber Study Group, and the International Tin Council. We provided a major input to a lot of the discussions in UNCTAD on commodities. But to me, the most revealing thing, when I joined this, not having ever gone near minerals since I took geology in college, was the political dimension of strategic commodities.

*Q: Would you explain: in the period we're talking about, what was sort of the rationale... What are we talking about when we're talking about strategic stockpiles, and maybe some of the political dimensions in the development of these stockpiles.*

TAYLOR: Well, the kinds of considerations that came into play were included decisions as to what type of a threat the U.S. faced. And what would be the most feasible state of the world when we would be in a conflict; would we have a three- or six-month conventional conflict, and if so, on how many fronts. If we had a nuclear, what would be the projected duration of that, and would it be limited nuclear or full-blown. Once those determinations were made, then the numbers crunchers would come up with what the strategic materials would be to support our engagement. Not only that, but it took into account the critical supplying of allies in those commodities.

Going from that, we then looked at the sources and the processing of those commodities. So the Business and Defense Administration of Commerce did a lot of that work, because they had to determine what the productive capacity would be of the U.S. in all these different materials. And it's one thing to stock metallurgical grade chromite, for example, it's another thing, then, to see where can this be produced, and what are any other ingredients that are needed in alloys. And you go all through that. It got tricky, of course, when you got into commodities that had a shelf life problem; this could be in some of your vegetable tannins...

*Q: Shelf life means that you can't store them for too long or they...*

TAYLOR: They deteriorate. That would be the case with natural rubber and with some of your vegetable tannins, strategic materials that were not minerals and metals. So once you make all those calculations as to what we would need, how we get it into the form that we can use it, what kind of rotation do you need in your stocks - because even if you don't use them, if they have a short shelf life, you have to start disposing of them when they still have some value - then you come up with a stockpile disposal plan that reflects our possession of stocks in excess to our needs, or in order to rotate stocks that have a shelf life problem. When you do that, and you try to do it with some forecasting, at least a

couple of years out, then you would sit down with, let's say, on tin, you would sit down with Malaysia and Thailand and Bolivia and say, "Well, our proposal is to sell X number of tons of tin into the world market." You would then, in a consultation with them, talk about the rate of sale, so that it would be done in a way that they felt would not create gyrations in the market, that it would not so affect supply as to really drive down prices, and of course, in some of those countries you've got the same... We would joke in the office that some of the cables out of La Paz had been just recycled for years and years and years, because the standard cable out of La Paz was that if we dispose of one ounce of tin, the government will fall, and you will endanger the lives of all Americans. Clearly, there were some examples of clientitis, and Bolivia was a classic case.

Regarding India, I remember in the case of mica, they would go straight into UNCTAD and protest stockpile disposals of mica. So it was a fascinating experience for a still low-middle-grade officer, and I moved up from the fourth rank into being Acting Division Chief in the course of the three-and-one-half years I was there.

*Q: Two things: one, did you find that the internal domestic American politics played a part in some of the stockpiling; in other words, we were stockpiling corsets because the corset manufacturer was in Massachusetts, where an important element or side, I don't know...*

TAYLOR: We saw that sort of self-interest more in the issue of disposals. In the area of procurement, I imagine there might have been some, but that would have been seen better by people at GSA and anyone involved in big-dollar procurement is always suspect, whether it's Defense Department or GSA, as to where they buy and at what rates and who manages the storage. But there were politics, certainly that came into the disposal aspects, because metallurgical chromite, for example, has different grades of content of chromium and those different grades relate to sources. I mean, your rich stuff came from Rhodesia, a lower quality came from Turkey, a sort of middle quality would come from Russia. And so you would get arguments that had a political content as well as a metallurgical content. It was fun for someone who was trying, again, to recall some geology, to get involved in this.

*Q: There is something that we now call here in the School of Professional Studies "Washington Tradecraft." But here you are, an officer. You're drawing on Geology 101 or something like that. You're sitting at the table where this thing is discussed with other bureaus, where you might have somebody that's a grizzled veteran of 30 years in the Civil Service who's been dealing with this. This is a problem that comes up in the State Department offices again and again and again, that we bring a lot of intelligence and enthusiasm and experience in other places, but we don't have the depth that, say, a Civil Servant in the Treasury Department would have. Did you find this a problem, and how did you all deal with it?*

TAYLOR: Well, we were fortunate in that office to have some people that had...two kinds of people. We had some very, very sharp Foreign Service officers; one was a

Wristonee (converted from Civil Service to Foreign Service under reforms stemming from the study of the Henry Wriston Committee, who had had a lot of experience in the minerals and metals industry). He was an O-1 who had just left, but who had established a very high repute for that office. We had Marian Worthy, who came out of the iron and steel industry; she came in as an FSR and was integrated. We had this mix in our small unit that gave us some credibility. We had people that knew the business. When we had the Chairman of the Board of U.S. Steel, or your other big companies, as our industry advisors on these committees, we gained additional credibility. One of the things that I learned early on, by careful listening and accepting guidance of these more-experienced officers, was that you had to make the time to be with some of these industry representatives, listen to them; when there was an opportunity to visit a plant, as I did when we were involved in the voluntary steel and port restraints. I visited ARAMCO's plant, I went to industry association meetings; often I was the only one going at U.S. Government expense, as I saw my colleagues from other departments traveling in company planes. But we kept, I think, an objective relationship, and yet we got close enough to learn.

It does argue, I think, from the personnel standpoint, that you do need a mix of people, and we didn't have as tough a tour of duty policy I guess then, either, because some of those in that office had been there quite awhile. But I think that while I agree that we need to emphasize the content, what we offer the other agencies is content within foreign affairs knowledge. I remember dealing with John Bushnell when he was in Geneva at the UNCTAD meetings when I was back working in this shop, and I was amazed at his dexterity on the commodities. And I remember one time he said, "Clyde, it's about 80-90% style" - and I'll come back to that - "and the rest is substance. Clearly, if today's agenda is mica, you need to understand the different grades of mica, what they're used for, what the secular trends are in demand, substitutions, things like this." But the key thing is understanding the forum in which it's being dealt with, the politics of the countries that have a concern over it, the politics of your own industry and your own trade policies; a lot of those have applicability to any commodity. So we used to sort of jokingly say, "Close your eyes, put your hand in a pot, pull out the mineral of the day, and brief yourself on that, but then apply the skills that you've learned from the negotiations from the international fora and what the rhythm of these are." We dealt with a lot of the same people in other governments, so getting to learn about your colleagues and learning the art of negotiation was extremely important.

*Q: Can you think of any particular issues that really were particularly difficult with other countries?*

TAYLOR: I can think of a number of them. In fact, I look back at those three-and-one-half years and in a sense, it may have been the apex of a Foreign Service career. I went from FSO-5 to -4 in the old system, it would be 3 to 2 now, I guess.

*Q: Yes, it's sort of the equivalent of Major to Lt. Colonel.*

TAYLOR: Right. And one of the things I got into was being tagged the non-ferrous expert; that was my portfolio. The copper industry was experiencing some very high prices, and yet it was known that reserves throughout the world were enormous, so there was a suspicion that the industry had done some under-the-table handshakes.

*Q: Are we talking about Anaconda and Company?*

TAYLOR: Well, Anaconda and Kennecott were big players. They were huge then, and so the President's Council of Economic Advisors directed a study be done on the world copper industry to determine whether or not there was in fact a...not a monopoly, at least a control of supply. And this was supposed to be done by Assistant Secretaries from about four or five departments. Well, as often happens in the State Department, the Assistant Secretary for Economic Affairs can't devote that amount of time. So very quickly, this relatively junior officer, Clyde Taylor, was the one sitting at the meetings for six months, at the Council of Economic Advisors, with Assistant Secretary counterparts - the head of the Anti-Trust Division, the head of the DDSA at Commerce, Assistant Secretary of Bureau of Mines, and things like this. So that was a fascinating experience. We had to come up with the critical information, frankly, on what the international reserves were and who controlled them, our best estimates, productive capacities, pricing mechanisms, and it was quite a challenge for a small shop employing our overseas posts.

But taking that non-ferrous position took me into extremely sensitive political areas. When I arrived in the office, the Congo Zaire expropriations were just settling down. Zambia was just heating up. And very quickly after that, we had the cancellation of the concessions, primarily U.S. concessions, in Peru, and then we had the Allende experience in Chile.

*Q: Oh, my God, yes.*

TAYLOR: I think I can probably say in this mechanism now, it's been enough time that in the case of Allende, there was an extremely tough, highly-controlled decision made by the NSC on sanctions. I was asked to be the key person from the Economic Bureau working with ARA, Latin American Bureau, to represent the Department in the implementation of these decisions. I wasn't given clearance to read the decisions; that was the first problem. When I was and read them, I realized, having at that point acquired a modicum of knowledge about the copper industry, that these decisions were in effect divorced from reality.

I was talking about the National Security Council decision memorandum on Chile that had as its goal the overthrow of Allende. It was highly predicated on doing damage to the copper industry. Its assumption was that copper technology was dominated by the U.S., or was so critically controlled by the U.S. that we could effect this objective. It was fatally flawed because the technology was international. And so, early on, we had to take on not only a premise, but a critical premise, because absent this, frankly, the design fell apart.

*Q: Just to get the decision making, often things that seem... The NSC in those days was tightly controlled by Henry Kissinger; this would be during the Nixon/Kissinger period. His NSC could get very theoretical on things without an awful lot of staff support. Had there been any questions coming to your division about copper and what you could do with it, from the NSC?*

TAYLOR: No, we were not involved in this at all; I don't know to what extent they drew on the intelligence community's knowledge, but clearly, the very fact that we had to fight to get clearances to see the decision once it was made... I mean, we in the Economic Bureau were not involved in the input. Not always, but this is one of the weaknesses between the functional and political bureaus, is that when you have something extremely sensitive, the political bureaus are even less inclined to involve the people who have the substantive knowledge. That was a very interesting period.

*Q: How did that resolve itself?*

TAYLOR: Well, that's a good question, because I don't know how they modified their decision. I do know that the advice that we developed, with support from people in the Commerce Department and Interior's Bureau of Mines, and the advice we offered on this was accepted. And so I assume that the strategy at least was altered, because it was a failed concept.

Another interesting, both personally and professionally, episode involved silver. Now, silver, in about late 1970/early '71, was demonetized. And it was interesting; while it was monetized,

*Q: Excuse me, could you define "Monetized?"*

TAYLOR: Well, there was a guaranteed, just like gold, there was a guaranteed value by...it supported our currency just like gold did, and if gold was worth \$45 an ounce, the U.S. Government guaranteed a redemption price on silver of X amount an ounce.

When this was ended, and silver was demonetized, then the silver price declined as a result of that and other factors, such as supply and demand. Not surprisingly, institutionally, there was almost no knowledge of silver outside of the Treasury Department. The experts in silver even as a mineral were in the Treasury Department. Bureau of Mines had someone with a very modest knowledge of it, because they did cover minerals in the annual metals and mines yearbook. We faced a call by the key primary producers, particularly Mexico, for a meeting to discuss and arrive at means of resolving the "silver problem." Mexico particularly had a very serious political domestic problem; I think it was in Potosi where they had a large government-owned silver mine. And because of the loss in revenues and the declining prices, they were laying off workers and that produced strikes and protests. Mexico called for an international meeting on silver, outside of any international organization. They invited India, which is in any given year was either the number one or number two consumer, because Indians use silver as a

store of wealth, and then they invited Peru, a key developing country producer, and then they invited Australia and Canada, also producers. They intentionally did not invite the United States. It was clear that the purpose of their meeting was to try and set up a floor price for silver. Well, the Canadians and Australians, not wanting to get into an international price fixing cartel, responded to Mexico by saying, "It doesn't make sense to have a meeting like this without inviting the United States, because the United States, in any given year, is not only the number one producer, but could be the number one, if not number two, consumer."

And so finally, Mexico agreed to invite us. So this was at the time when I was an Acting Division Chief, and it was determined that I would lead the delegation. Again, this goes back to your question of where the Economic Bureau stood; it was this GS-14 equivalent leading the delegation, but we had a very strong industry lobby. We resisted strong pressures to integrate the industry representatives in the delegation, but we let them meet in the same hotel and made arrangements to come out of the negotiations and brief them. I had two Deputy Assistant Secretaries, one from Commerce and one from Interior, on the delegation. Secretary of Commerce Maurice Stans called me personally with his concerns. The interesting thing was, and this goes back to your question of how much is content and how do we can compete on this, I got something like three weeks notice before the meeting date, and it was at the end of my tour. I was about to enter the Economic course. So for three weeks, I not only had a three-officer shop, with one vacancy - very, very busy - I had a full workload. I took home everything I could find, mainly from Treasury, about silver every night, and immersed myself in silver.

We also had some fun with preparations, because we knew that the Mexicans were listening in on phones, so we did some of our planning purposefully with the Mexicans by saying, "This is our bottom line..."

*Q: You mean you'd be calling our Embassy?*

TAYLOR: We'd be calling our Embassy, and we would very purposefully say things to try and move the Mexicans from a very intransigent position, and it worked. We got down there, and to our own discomfort, the Mexicans were extremely uncomfortable. You don't want your political adversary to be that uncomfortable. And that was because the Peruvians had failed to show at the start of the negotiations, and here they were, just with an Indian representative and themselves, from the less developed world, facing three developed countries.

I called for a caucus, and this is where networking paid off: both the Canadian and the Australian reps came out of Washington, and were people I was used to working with. So we met together, and we agreed on ways in which we would magnify our differences. I'll repeat that: on how to magnify our differences.

*Q: Between the developed world...*

TAYLOR: Between the three developed countries, as a negotiating tactic, because we knew the Mexicans would feel more and more in the corner until the Peruvians arrived. And even when they arrived, here were three developed countries. And so we sort of played out some fear in the course of the one week's discussion. I remember as if it were yesterday that as we started on the second day of a five-workday session, to work on a communiqué, we resisted the use of the word "problem." Mexicans wanted to talk about "the problem," the problem being low silver prices. How could we, a country that was at any given time the number one consumer, as well as the number one producer, talk about "a problem?" I had gotten an earful from the Secretary of Commerce on this as well as my own instructions from State.

The most flattering thing at the end of the conference was to have people from the Mexican delegation come up to me and say that they would love to see me and their Minister of National Patrimony go mano a mano on the issue of silver. And I thought to myself, "Three weeks ago, I wouldn't have been able to have told you what silver was, hardly." And I felt so good over that thorough preparation, also, the excellent support we had from Interior and Commerce on this, that we came out with the result that was politically palatable to our government. At least it let the Mexicans go back and tell their people they had tried, and that there had been a good hearing about their concerns about the volatility of the silver trade. But to me, it was an example of so many things about negotiations, about first world/third world, about Washington politics; we also satisfied our industry reps, who had very strongly early on demanded to be part of the delegation, which would have been a difficult precedent on these kind of talks.

*Q: I was going to say, sometimes industry reps are in, sometimes they aren't. What was the rationale for...*

TAYLOR: Well, in those days across the board, industry reps were advisors. When we were dealing with a state-owned company, I know that gave our industry reps more ammunition for being part of the delegation, but we were able to argue that neither the Australian or Canadian industry reps would be participating, and so, we held the line. Basically, we were able to hold the line by not only promising, but delivering on close consultations. So we met with them often, and they knew exactly what was going on.

*Q: Is there anything else we should cover on this period?*

TAYLOR: No, it was a period of excitement in that Economic Bureau, and I was saddened to see just a few years later, when some of the key players - Frances Wilson had been the Executive Director for years, and she was about to retire, Jules Katz had been Assistant Secretary and was about to leave - -that the Commerce Department was finally able to take the commercial function away, and I think it was just a matter of personalities. The people who could have fought it and who could have still worked hard to improve State's performance, and I think State's poor performance was exaggerated; I just think it came at a bad time for State Department.

*Q: This so often happens. Tell me, just one last question on this. What was your impression of particularly the Treasury representatives and the Department of Commerce representatives that you dealt with?*

TAYLOR: Well, I found some extremely capable people at the division level and technical level at Commerce. At the more senior level, we frankly held the view at State that these people were very much in the lap of industry. They seemed to be comfortable flying on industry planes, going to industry conclaves, accepting a lot of courtesies, and things that today would be totally frowned on; sporting events, and vacation spots, and things like this. They seemed to be extremely close. The unusual thing is that we had an exchange of officers. Stan Nehmer, who had been with State, was exchanged with I think it was Gene Bannerman. These were Deputy Assistant Secretary levels. And so we actually had a State person who was a counterpart to Jules Katz over in Commerce, and Stan Nehmer was constantly complaining to Jules Katz about the role, behavior, what have you, of some of our Division Chiefs. Particularly, I remember one, Harry Phelan, who had a textile division for quite a few years, who was extremely effective in leading the textile talks. And we frankly outplayed and outfoxed a lot of Commerce's efforts to protect their industry in those days. State was not in an anti-U.S. role at all; we were trying to listen and take into account international trends, we were certainly conscious of our own comparative advantages, and we were trying to negotiate textile agreements that would take into account our political and economic needs, but not with a blindfold on as to what were the needs of foreign governments as well. So there was a lot of tension, and we frankly felt that we were sort of the white hats in these ballgames, and Commerce was too close to industry.

*Q: You took the economic course from when to when?*

TAYLOR: That was from July 1971 to January '72.

*Q: Was it difficult to move from a highly charged, highly responsible position in the guts of the economic role of the State Department in the world, to taking a course which looked at these things theoretically?*

TAYLOR: You bring up some very bad memories. I've had strong good mental health all my life; I came the closest to depression in the first few weeks of that economic course. I had done very well in math in high school, so well that I didn't take it in college, so it had been a long time. And I was thrown into Calculus right away, in July of '71. I thought that I was absolutely stupid; I had the hardest time with it. We got into some of the price theory on the economic side; again, I understood the basic concepts, but that, in combination with the heavy diet on math, I felt that I couldn't have changed worlds more dramatically. And you're absolutely right; I literally flew back from Mexico and did a basic debrief to key people in Washington, and left the office and reported to FSI.

It was a very deliberate decision, and a very hard decision, to take that course, because I was offered an excellent job by Ruth Phillips in RPE, European Bureau, which was a very

powerful political and economic policy shop in the European Bureau, which many people would have seen as a sure track for assignments to favored European posts. And I turned that down because I felt that I needed economic theory. I just had a smattering, maybe 20 hours, between undergraduate and graduate. And I'm glad I made that decision, but I certainly, as you say, regretted it in the first few weeks.

*Q: After about what, six months, when you got out of it, how did you feel?*

TAYLOR: I felt that the course, recalling the critique that I did, was overly structured to meet the GRE, the Graduate Record Exam, I believe it was called. But everyone who took the course had to take the GRE to show how we would do relative to someone in college getting economics as their major. And some of us, particularly...I was the senior State ranking person in the course...some of us felt that the advantage that FSI had was in knowing the precise kind of work that students were going into, whereas colleges didn't know that. And nonetheless, we were giving our students, in the six-month course, an array of things that included things not very relative to the Foreign Service, price theory being one of them. There was a heavy emphasis on regression analysis, when almost nobody went to an office that had even a Friden calculator. So instruction like that, and on computers back in those days, had an extremely...well, instruction today has an extremely short shelf life, but if you don't have equipment, and I came from an office that at least had a calculator, a Friden calculator, but most didn't. And I was one of only two that went from that course to an overseas economic section where we could apply national accounts theory. National accounts was only given four days in the entire course. I found trade theory extremely valuable, well taught. I went from FSI to head the Economic and Commercial Section in San Salvador, having a hat with AID, which was terrific. I offered to send stuff back to FSI, raw data from the central bank, that they could use in the course in a very practical way to say, "This is the kind of data you find in a less developed country." Teach the students, you know, what do you do with this data? And they didn't pick up on it.

So I was glad that I took it, I just felt that it was in those days too skewed to how FSI wanted to look in the academic community.

*Q: This is, I mean, FSI took a great deal of pleasure in saying, you know, in six months we can teach our people the equivalent of a master's degree in economics...*

TAYLOR: A BA.

*Q: A BA in economics, and I think it was a pat-on-your-back self congratulatory exercise rather than a more practical one which might not have carried the same...you know, been good for the State Department, but been sort of looked down upon as being too occupational by the academic world or something.*

TAYLOR: Anyway, I was glad I took it. We had a terrific group of students; the current Director of FSI, Teresita Schaffer was a classmate in those days, and we had good

professors; so just that small criticism about the curriculum.

*Q: You got out in what, '70?*

TAYLOR: Yes, I was prepared to have a bridge assignment to catch the summer cycle, because there weren't jobs available in January of '72, but Ambassador Bowdler moved up from San Salvador to Guatemala and took John Ferch as his Economic Counselor. So there was an opening, and that was an excellent stretch-assignment job. Of course, no country in Central America in the '70s was one that merited a designation of strategic U.S. interest; that came later. But these were countries in which we had active AID missions, there was an effort to try and help develop the Central American common market, and there was plenty of room for growth and activity by an Economic Officer.

*Q: You were what, Economic Counselor?*

TAYLOR: I was the Economic and Commercial Section Chief.

*Q: From when to when?*

TAYLOR: That would have been from February '72 until June of '75.

*Q: I wonder if you could talk a little about William Bowdler, because he became sort of a target of, you might say, the political right, a decade later or so, maybe less than that. How did he operate in San Salvador, from your perspective?*

TAYLOR: Well, he was highly respected in San Salvador, and I think he had a terrific record from his time in Guatemala, as well. Those of us who knew him and followed his career, I think, have a hard time forgiving what happened to him in that massacre that occurred in January of '81.

*Q: This was when the Reagan Administration...*

TAYLOR: It was on the 21<sup>st</sup> of January, when a very low-ranking political aide informed Assistant Secretary Bowdler, who was head of ARA at the time, that he need not come to work the next day. Of course, since he was a career officer with job security, he could have stayed, but he had the dignity to retire and went down to his farm in Virginia, where he remains.

In no way would I call Ambassador Bowdler someone who stretched his instructions. His personal lifestyle was very conservative, and I think, a very pragmatic but ethically based Foreign Service officer. It was a classic case of politicizing the Foreign Service, because they...against him and Deputy Assistant Secretary for Central America James Cheek, four Ambassadors, and four DCMs in the front line states of Central America, there were ten people that were acted against in that retribution by the Reagan Administration. I think it had deleterious effects on the Foreign Service that probably we're still feeling, because

officers then had a choice of either being more zealous in following political instruction, which meant you did not provide objective analysis in options and critiques, or if you felt strongly about an area, you eschewed assignments in that area, which is what I did. I was offered, in later years, the office directorship of Central America, and I had real qualms about some of the things we were doing down there, and so I went elsewhere.

*Q: Well, I think this is, with both the Reagan Administration and particularly, the man who is still carrying a lot of weight, is Jesse Helms and his staff.*

TAYLOR: Well, he was the one that set down the conditions for these officers, you're absolutely right. When I get to it in our discussions, I'll mention it, in 1984 what I ran into on this same thing.

*Q: We're moving ahead of the thing, so probably we should go back. Could you talk about El Salvador during the 1972 to 1975 period, both political and economic, as you saw it at that time and our interests therein?*

TAYLOR: This was, again, another highly satisfying assignment. The Salvadoran people are a delightful people; I still enjoy them wherever I run into them in Washington. They were called already back then "the Japanese of Central America," which honored their work ethic. Their work ethic flowed from economic necessity. El Salvador was, and is today, the most densely populated country in the hemisphere apart from Haiti. Arable land was somewhere in the 20<sup>th</sup> percentile; highly, very mountainous land, and the coastal planes used for cotton and sugar. While we were there, you saw a classic example of the detriments of an export agricultural economy; prices went up on both sugar and cotton, and the wealthy landlords moved further into those areas that they could manage international prices, and in one year, the price of beans and corn, the staple food for the people, went up 50%.

*Q: Because they were taking away land?*

TAYLOR: Because they were taking away land. They just cut the supply. So it didn't take a sophisticated analysis to realize that Salvador in those days was a powder keg. It was a question of time before something would erupt. There had been a major...they called it an Indian campesino revolt in, I think, 1932, with a massacre, but since that period, there had been a series of governments that basically represented a coalition between the oligarchy and the military that had dominated in that form of authoritarianism that was common throughout Latin America.

We arrived in February, there were elections in March, and those elections were the ones that denied Duarte his win. It was an election that was full of fraud, and Duarte went into exile into Venezuela. The President, Morales, I believe his name was, who was declared the winner, suddenly found himself as a President Elect; he was on a trip, I think to Taiwan or someplace, when there was a barracks revolt. It had no political undertones, it was strictly a barracks revolt over some unhappiness over promotions in the military. We

hoped to transport the President Elect back, we were quite active in trying to resolve the coup. It collapsed, and we were under martial law for the next four months, until the inauguration in June; a very difficult time. There were over 400 people killed. Initially, the government tried to shut down even the diplomatic pouch. Constraints under martial law were extreme. So this was a new experience for us.

On the other hand, from that point on, I would say the experiences were professionally exciting and living there was a delight. It's a lovely climate, two and a half thousand feet, sub-tropics, delightful people; we had a good mix of people as friends, but it was easy to see that the economic pie was going to result in some real difficult strains. The term "agrarian reform" was still considered to be a first step to Communism. I think that perhaps one success in those three years was that agrarian reform became a word that became accepted. Maybe not embraced by the well-to-do, but it was depoliticized to a certain extent, just like the term "cooperative" was in other parts of the world, which was also usually seen as a first step to Socialism.

I did, I think, the first calculations on the feasibility of agrarian reform in El Salvador, working with AID, getting the best data available. In my memory it's a little hazy, but I think in the ballpark I demonstrated that no more than about 20-25% of Salvadoran farmers could be settled on a viable plot of land if all truly arable land was divided. And that's maximizing. El Salvador is known as a coffee exporting country. Almost all of the land that coffee is grown on cannot be used for anything else. Steep hillsides, and the coffee bushes are very good in controlling erosion; if you started doing anything else with that land, you'd destroy it. So we're basically dealing with these very modest coastal plains on the littoral, on the Pacific, so we could demonstrate that a radical agrarian reform was not really viable, because a radical one would deny you any export crops except for coffee, and a radical one would still not meet your goal of equity or solving a major political need. You had, therefore, to give more emphasis to economic diversification. And while we were there, Texas Instruments was the first major value-added company to come in, but there were a lot of other Central American firms that had started there in fabrication and started picking up; not just textiles, but ALCOA and groups like that.

So that was the path that could be predicted. But the high birthrate and tight constraints on land argued that time was on the side of a crisis rather than on opportunity for taking care of those who were poor.

*Q: Did you share your study with the Salvadorans?*

TAYLOR: Yes, we did. We had an extremely good relationship with CONAPLAN, their central planning office. In those days, AID had a good relationship with governments; we had a particularly strong AID director who had a proper emphasis on policy. By that I mean, and he would get in tensions with our DCM over this, he properly believed that if a government did not have the proper policy, it did not matter how much transfer of technology or of funds, you wouldn't obtain your results. The DCM's view was "Well,

that's all well and good, but only if you apply those same policies to neighboring countries, because otherwise, it looks like we're not doing right by the Salvadorans." So that tension existed, and you could see the point on both sides.

But yes, we shared those kinds of results, we worked very closely with them. I was a member of the Export Promotion Committee of the country of El Salvador, because AID had as one of its programs export promotion. It was, as I say, a very professionally satisfying experience.

*Q: Well, now, going back a bit, we had an election just after you arrived which you considered, I mean you, I'm talking about the embassy, considered laced with fraud and all, and Duarte did not make it. Were we uncomfortable bringing back the President who was elected through fraud to settle the problem, or was that a problem at the time?*

TAYLOR: I guess those who made those decisions would say that we were promoting the best of some bad options. Bringing back Duarte was not an option, given the military commitment to thwarting his position. Probably the best course at that period was to support this civilian president, and by assisting in a simple transport act, we probably improved our relationship for working with that person.

It was interesting that there was in that country, which I describe as ruled by a coalition of the wealthy and the military, a group of technocrats that I became very close with. One was the Foreign Minister, an MIT graduate, one was the head and some of the deputies of the Central Planning Office, there was a semi-autonomous agency that took care of the ports, transportation issues, again, headed by a U.S.-trained technocrat. These were people that came out of a merchant well-to-do class, not the landed wealthy class, who, while being wealthy, had within the Salvadoran context a social consciousness. They were concerned about where their country was going. And in the ensuing years, when you got into civil war, they were the ones that stayed there. They may have sent their families out during very heated periods, but they stayed engaged. Several of them paid with their lives, but I know some of them are still in El Salvador, and still engaged in public policy.

I became very close with this group. You knew that if you had a dialogue with one of them, the others would know about it, and it was very useful in our work, and I counted these people also socially very enjoyable.

*Q: Well, tell me a bit about the relationship of the embassy with the wealthy landowners; what was our policy, the general ambiance and feeling for...*

TAYLOR: Well, we didn't do as well as we spoke. We had two different Ambassadors while I was there. The one was really inept.

*Q: Who, we had two, one was...*

TAYLOR: Henry Cato was my first ambassador, whose wife Jessica Hobby Cato came

from a political and publisher Houston family. He was high energy, very outgoing and smart about the diplomacy business, using his staff well. He was succeeded by James Campbell, who came from an oil industry career, with stints in South America. Both were well off and personable, but they differed significantly in their levels of engagement and effectiveness. Ambassador Cato went on to a series of federal appointments that included Chief of Protocol, Ambassador to the UK and Director of the USIA.

*Q: Ambassador to the U.K., too.*

TAYLOR: ...and ambassador to the U.K.; very bright. But he would have in those days thought that he had relations with a cross section of government, but in fact, he did not. People at the residence were from the elite. Fortunately, we had some very good officers who dealt with the labor sector, who dealt with the organized Campesino groups. And our AID people also had a very good network of contacts. Nothing substitutes for what our Ambassador does, but what I'm saying is that we did have contacts with all elements of Church and Labor Union. We had a particularly exciting breakthrough in family planning. As I said, this country had the most dense population, had a very high fertility rate, and yet we had, within the time we were there, we had a family planning program that I'll never forget, we had the President of one of the Campesino groups in a huge public rally announce that he was having a vasectomy. And vasectomies became an extremely successful program, and of course, to have men engaged in family planning...

*Q: Oh, absolutely, particularly in the Latin context.*

TAYLOR: ...in the Latin context was an amazing breakthrough. So you know, the programs in education, using television to reach the rural areas, significant breakthroughs. I was very pleased to see what AID was doing there; everything from housing, education, health, market programs, and a very active Peace Corps program as well, did a lot of good work in marketing, and low level income generation. So I don't think that we were doing everything wrong. We were no doubt conservative on the political front, not pushing harder at the top, but I wonder in retrospect if it'd have made a whole lot of difference, because the numbers were clearly against us.

*Q: What about the equivalent to American food? You know, the American businesses...one always...I'm not a Central Latin American hand, but you know, I mean, one always thinks of United Fruit, and others, the coffee producers and all that, and their influence. I mean, during this time you were there, how did you find...*

TAYLOR: Well, this is...I should have mentioned this, because you're covering a fascinating aspect of Salvador. It was exciting from a diplomatic perspective to find that the Salvadoran people did not have a typical Latin American or Central American attitudes toward the United States. And the reason was that they did not have the typical experience with the United States. El Salvador's banana industry, if it ever was one, was destroyed by a blight years ago; you couldn't buy a good banana, you'd get these small finger bananas, so it was not part of the banana economy. They had no extractive

industries at all, so there was no history of U.S. firms there, there was no history of U.S. expropriations, no history of insertion of the U.S. Marines, it was not a confrontational history.

At the time we arrived, you did not find, even with an oligarchy, what you would find in a country that was already known as quite democratic down in Costa Rica, a tendency on the part of the wealthy in a period of problems to pick up the phone and call the American Embassy, the American Ambassador, and say, "Help, what are you going to do about it?" That relationship did not exist in El Salvador. It was a very proud and independent country, and its orientation was toward Europe. Its primary export market for its coffee was to Germany. In fact, during our time we got a German political ambassador who was determined that she was going to teach the Salvadoran people to speak German, so there were Goethe Institutes all over the country. It was an amazing thing, having studied Latin America, I found this a startling contrast; every stereotype that one would think about Latin America, its elites and particularly the relationship with the United States. Now, one of the unfortunate things of our relationship in support of resolving a conflict there, was that now that dependency and the very visible hand of the U.S. is forever ingrained in the Salvadoran political mentality; that's one of the down sides of what appears to have been a good outcome.

*Q: You left there in '75. Were there stirrings from the jungle, from the mountains? Within five or six years, things really got very nasty.*

TAYLOR: It was frightening to see how the devolution occurred, how fast it occurred. Two weeks after we left, the first Salvadoran official I met, who was a little younger than I and President of the tourist institute was kidnapped. He came from a very wealthy commercial family. I think the ransom was \$11,000,000, something like that. The family paid it, and they got a cadaver. Two weeks later, the Foreign Minister was kidnapped. The family put up, I believe \$13,000,000, and they got a cadaver. So you could see you were dealing with people who didn't even take the usual approach to kidnapping. And so the sense of class conflict, the insecurity factor, arose very quickly, and things went downhill very quickly.

*Q: Did you feel that our Station Chief and his operation was sort of keeping a watching brief, or was this something that wasn't much of a factor?*

TAYLOR: Well, it was interesting in that period of time that we were having more balance of payments cuts, cutting back on overseas presence, the Political Section had had two people, the Department of Labor had protected the second slot, State wanted to eliminate it, there was a big struggle going on that. The intelligence resources there were starting to be cut back; one officer was about to leave, and it looked even with that that there might be more people in intelligence than there were on the overt political side. But there was still a modest number, and we're talking about a couple of people on either side of the house. I don't frankly recall what kind of estimate was putting in, and I know we had a lot of discussions in the country team of the handling of the scent, the rumors were

already beginning that there were sort of vigilante groups training among the oligarchy. That kind of situation was sort of endemic even when we arrived in '72, because there had been a major kidnapping, of the Regalado's son a year or so before; a lot of wealthy people still carried guns in their vehicles, because they just feared not an assassin, they feared banditry.

So I don't recall any dissent in the Embassy from the notion that this was a government with very weak moorings, that the social strains were growing. As I mentioned, it was in that period when the squeeze on the poor was enormous. Their food costs had gone up 50 percent. During the time I was there I continued, and I think expanded, the economic surveys that were done by John Ferch, my predecessor. This meant that I not only looked at reports by the World Bank and IDB, we collected our own economic indicators. And it showed that the disposable income was going down among the poor. I mean, the theoretical guaranteed wage was \$1.00 a day, industrial wage was like, I think, \$2.50. The typical campesino would spend almost all his week's earnings on beer on the weekend, as in many countries; it was then up to the wife to try and find the means to support the family. There was a cycle of poverty that was aggravated by what we had already identified as the most violent population in Central America. They carried their machetes in their right hand; they were not in a sheath, they were not on the left side of the body. Newspapers, which were inclined to report violence especially in Central America, would only be able to report the most sensational examples of bar brawls and killings on weekends, there was so much mayhem. So the potential for an explosion driven by economic poverty was clearly understood.

*Q: Was our intelligence and our political sources focused on the Cubans messing around in the area, or not?*

TAYLOR: Yes. The Cubans were very active in Central America. They were active in Nicaragua already; of course, there was a lot of fertile ground; you had authoritarian regimes in most countries. We had the groups that became the official guerilla groups were already organized in our day. I think to sort of sum up, it was interesting to move from El Salvador to Iran. El Salvador was a country where we over predicted the revolution. I mean, this was, the more I think about it, the more I recall it, this was something that we were very consistent in predicting. And yet, it took longer to occur than we thought.

Move over to my next post, to Iran, where the seeds germinated very quickly because of an intense industrialization, and then we under predicted - an interesting contrast.

*Q: Well, then you left there in '75 and you went where, to Iran directly?*

TAYLOR: Directly, yes.

*Q: From when to when were you in Iran?*

TAYLOR: I was there in Iran from August of '75 to June 30, '79.

*Q: It was sort of moving you into a completely different field.*

TAYLOR: Well, I wasn't really eligible for "GLOping;" which we were doing in those days.

*Q: Could you explain what "GLOP" is?*

TAYLOR: It was Kissinger's notion after he visited Mexico, where he found an embassy where as he put it, full of officers with only Latin American experience, having a distorted view of the world and U.S. interests, who needed to broaden their experience. So the order was the people should not spend more than I think it was two consecutive tours in a geographic area; that they needed to be moved around. And so that's what happened. The intelligence community followed this notion some years later, but we started it. And so while I hadn't had successive tours, I was frankly just looking for a good economic job, trying to do it without language instruction, but if I needed it, fine. There were openings at my grade level in Lagos, Hong Kong, and Tehran. At Lagos, I'd be working for a former boss that I liked, but that's not a good thing to happen. Hong Kong, they weren't sure whether the position might be closed or something. So it was Tehran.

I arrived in Tehran at the zenith of the oil boom; the oil prices had gone sky high. Prices were very strong because of OPEC, the income was enormous, and even a highly populated country like Iran suddenly found itself with the wherewithal to accelerate its industrialization.

As I say, the zenith had just been passed when I arrived, and they had just announced their first five year plan retrenchment, because the prices were starting to drop; they'd peaked early in that year. And so my predecessor, Walt Lundy, I think had done the first analyses of the retrenchment, and I could build on it.

*Q: Your position was what?*

TAYLOR: I was the Economic Development and Financial Officer, which was maybe one of the longest titles in the Foreign Service, but it meant I had a State Department Financial Officer position, combined with whatever was left from AID's economic development job. And we looked after residual AID matters, some loans that hadn't been fully disbursed, and AID was determined to disburse them, although the Iranians had no intention of disbursing them because now they were lending money overseas.

It was interesting, though, when you look at the resources around the world. I discovered quickly that I was doing in my job what five people were doing in Caracas. We had a very large Economic-Commercial Section, and I was doing all the trade analysis, plus all the economic analysis, plus the external economic relations, and I had one FSN...

*Q: Foreign Service National.*

TAYLOR: ...Foreign Service National. And I then I also had to supervise a shop with two AID employees that managed participant training out of Afghanistan, where they speak a close cousin language to Farsi. Again, this was a fascinating tour, more exciting professionally perhaps than personally, because living in Tehran was difficult. It was a very polluted city. I was on a death list within two weeks of arriving; we always went to work with guards; there were three people killed at the Consulate in July, the month before I arrived, there were people killed during my time there. So it was...

*Q: Who was doing the shooting?*

TAYLOR: These were anti-Shah groups, both Marxist oriented and maybe some that weren't so Marxist oriented. But it was a fascinating tour, because one was watching a society of better than 45,000,000 people that had always been a vertical society; there was a king with the power structure resting on the exercise of his power, and when that failed in latter years and people realized that power wasn't being exercised, that's when the Shah's political death was really inevitable.

It was a country that had a majority of minorities. The glue was Tehran and the efforts by the Shah's father and the Shah to try to make a nation out of disparate groups, the Arabs in the south, Kurds in the northwest, people with a view north toward the Caspian, very, very distinct groups. Even in those days in the late '70s, there was 55 percent adult illiteracy, a very rural country, a country dominated by the bazaar class of merchants. And when they were offended, that helped erode the Shah's power in 1978. I found a country so different from El Salvador, that certainly had this sense of independence from the U.S., and had a sense that it could determine its destiny much more, to a country, Iran, where the hidden hand theory was at its most dominant. It had been the British and the Russians that had always, in the view of the Iranians, had determined their fate, and increasingly since World War II, it was now viewed that the U.S. was the one controlling their fate.

The irony of serving there was that yes, we had a strong position with the Shah, mainly as his weapon supplier, but the Shah and his advisors were great strategists, and they wanted to diversify their areas of support and supply. And so, they would buy non-lethal things, non-lethal military from the Russians, and they certainly tried to find ways to compensate with Europeans for a very lucrative relationship that we had with them on weapons. It put those from our private sector dealing in non-armaments in a very difficult comparative situation to Europeans. We found this particularly in the buildup of the nuclear trade, but as well, in a whole lot of areas such as communications and other kinds of machinery tools.

I can remember when the Shah one time was upset over a weapons decision, the headlines in the paper was that there would be a total embargo on imports from the United States. That does not sound consistent with what the American people were given

to think our relationship was with the Shah, that we each had our hand in the other's pocket, and that there were no frictions. This kind of friction was the extreme of it, a threat of total embargo. But it was not that unusual; we had a lot of rough spots in our relationships with the Shah's government, because they frankly tried to bully us using the leverage of our very strong weapons relationship.

*Q: You were still there during the Kissinger-Ford and even into the Carter administration, where there seemed to be great constraints coming out of Washington, enforced, you might say, by the Shah, of only reporting the sunny side of things and all that. Was this a problem during your time?*

TAYLOR: That would have been a greater problem, I think, on the intelligence side, and that's been dealt with a lot, I guess, in the post-Iran Revolution writings. There were certainly constraints on contacts, that I'm more familiar about from reading than I was party to, being in the Economic Section. What is clear to me is that if we were to have those kinds of contacts, we would have been hard pressed from the resource side. We had three people in the State Department Political Section.

*Q: Was this deliberate, do you think?*

TAYLOR: It was a consequence of having scores and scores of people in the rest of the Political Section. In our State Department assets, we had the political counselor, who supervised a mid-level political officer, and a junior officer who handled mainly biographic reporting and UN and similar affairs. We had a State political military counselor as a separate section; it you added that, we had four. I will give credit to those in my day like John Stempel, who spoke Farsi and who got out and talked to the Bazaari class and to religious dissidents and to the National Liberation Front people. Sometimes those contacts produced complaints from the Shah's government, either directly or more often back through our intelligence people.

But we just didn't have the muscle power, certainly from the State side, to have that breadth of contacts. You go to the Economic side, I was one officer. If I made one extensive field trip a year in my four years, which is what I did, I found that I was buried when I got back to the office. And yet here was this massive industrialization, and our people in the consulates, in Tabriz, Shiraz, and Isfahan, were so absolutely over their head with work that we got very little economic reporting out of them. We were very conscious of this deficiency. I argued from the moment I arrived for just half of a position more, so that we could do more reporting on the industrialization process.

*Q: Here was Iran, which was a major area of interest to the United States. It was not a period where we were cutting down as much, say, as we are today and all, and yet here there were these very strict personnel restraints. You mentioned the other side. It's no secret that we had a large CIA involvement, which often was working out of the Embassy. Some countries get dominated for one way or another, by the Agency. I was in Greece from '70 to '74, and the CIA used up an awful lot of resources. Was this your feeling in*

*Iran?*

TAYLOR: Well, clearly the fact that we were asked to train SAVAK...

*Q: That was the secret service of Iran.*

TAYLOR: ...the intelligence service of Iran, that we were accorded a lot of access to the government of Iran, and the fact that Iran had universal foreign representation, and was a border country to Russia, offered an enormous target of opportunity for our intelligence services; everything from signals intelligence to human, to what have you. So we had an enormous array of intelligence resources in the country, and most people in the Embassy had but a vague notion as to what that array was. They were astounded, when the government fell, to learn of all the installations around the country, and most were astounded to even find out how much was in the Embassy.

But if you just look at the economic development, I think what happened was that here's a country that had a modest economy, that was a very modest trader internationally, and certainly with us, that suddenly took on a boom based on oil revenues, and we did not adjust State resources. And to the extent we adjusted them, they were only in the area of commercial promotion, so that we had a trade center there, we had commercial officers very overworked, and the other areas that grew, such as Civil Aviation, Science and Technology, those were handled by non-State officers. Those should have been handled by State officers. Again, State wasn't staffing up. And so we were very derelict, I think, in properly staffing our Embassy so that we could have had both a political and economic assessments to understand what was happening to that country.

*Q: Well, one always hears that the Shah basically said, "If you want information, I'll give it to you." And in a way, the State Department kind of went along with it.*

TAYLOR: Well, I found the information collection game there not to be so much governed by that. I found that we ended up using the same techniques we use in most places, and that is that we understand the jealousies between the ministries, we build our contacts. When I arrived there, I in advance asked for a list of contacts I should develop, and in the first six weeks, I devoted four hours each day to calling on people. I established those contacts, and they paid off. The successive Ambassadors had acquiesced to what I thought was a terrible relationship, and that is that only the Ambassador and perhaps the DCM could call on Cabinet members, or Ministers. What that meant was that the counselors of Embassy were virtually without their own set of Iranian Government contacts, because the next level down, my level, we dealt with the Under Secretaries.

So if we were to operate on the basis of "the government would tell us what we needed to know," you would have a very overworked Ambassador, and perhaps DCM, who had to spend a lot of their time with visiting firemen, and visiting both the official and private sector, and really didn't have, even with superb people like Helms and Sullivan, didn't have, you know, that kind of time to go and do in-depth reporting. We had excellent,

successive Petroleum Officers, too, while I was there, who covered that industry. I covered central bank, industry and commerce, all the financial aspects, the private banking sector; I was spread pretty thin, but I could fill our home with Under Secretaries from a number of ministries, Finance, Agriculture, Commerce, Planning, Central Bank and what have you. And perhaps the fact that we had close political relationships helped getting information, but I tend to think I had no easier time getting information there than I did in El Salvador and Australia, because there's always a tendency by governments, including our own, to guard your information until it's in the general public arena, until you publish it, and our effort is to try and get it before it's published, and to also establish a sense of its credibility, and then to get a sense of what it means. And to do that, you're not so much influenced by some overarching thing that says "We will tell you what you need to know;" you're really influenced by your contacts and by your own ability to ask questions.

I had an excellent relationship with some of the press, first time in my career, and it was particularly the non-American press. The American press, frankly, in that experience of working very closely with them, tended to be a sponge relationship; they wanted everything they could get from you, and there was very little reciprocity. I had very close relationships with some of the BBC and Financial Times people, who would be inclined in our relationship to call me and say, "Clyde, I'm seeing Minister So-and-so tomorrow, anything I could ask to help you out?" And I had a relationship like that with The New York Times, but that person left and was not replaced.

So I used a whole multitude of things. We also had a good relationship with the OECD embassies, who relied very heavily on our reporting. It was a very good example of where our Commerce Department was saying, and a lot of our critics in Congress were saying, that if you want to see how commercial promotion is done, look at how the Brits and the Germans want to have you do it. But it was interesting that while we were there, those same embassies sent serious businessmen over to our embassy to talk to me and to talk to our commercial officers, because we knew more. And when I did my economic trends report every six months, it went back by pouch, and then was distributed. We distributed to the OECD embassies, and I know a large number of them sent it back by cable and had it in hands of people much faster than our own government did.

*Q: As this thing developed, was there concern among you and others about the arms we were selling and what this was doing to the Iranian economy?*

TAYLOR: It was a very interesting experience in that in, oh, I'd say it was around 1976 or so, there was a, I believe she was an economist at Columbia, who had developed a thesis that there were secondary benefits from expenditures in the arms industry, the defense industry, not just relative to Iran, but anywhere; that there were technological spinoffs. And our government was desperately looking for ways to justify to the Congress and to the public this very high level of arms sales to Iran. Folks in State's INR (Intelligence and Research Bureau), and I guess in Political Military Bureau, latched on to this. I can't recall whether or not this economist woman visited us, but certainly we had

her writings, and I remember being formally asked, tasked by our front office, in a memo written by our political/military counselor, to do an analysis of what we could identify as the secondary benefits to the Iranian economy.

We didn't have sophisticated econometric tools, nor could we go out and survey and collect a lot of the data one would want, but we did an analysis looking at various sectors, and tried to see what kind of employment had been created by defense industries, what kind of technology and education it had driven. And while we gave some credit to military expenditures, our primary finding was not one that our masters wanted to hear; it was that the best benefit of the expenditure in the defense industry in Iran had been a deflationary benefit. That by taking money out of circulation and tying it up in very high cost goods, that drove very little in the way of other demands on the economy, we had helped cool what otherwise would have been an overheated economy because of the spurt in oil revenues.

Now, that analysis was good for that time in history, and I feel very comfortable with it, but it was not welcomed.

*Q: I'm sure it wasn't. Speaking of the ambiance of the Embassy, was there concern over the large number of Americans who were servicing this military equipment, helicopter mechanics, etc.?*

TAYLOR: Well, we had somewhere around 46,000 Americans there that we could identify, and probably some we missed, who stayed there even after the revolution, who were married into Iran; that's the community we put it into. A large number of those, certainly when you got outside of Tehran, where they did not live in enclaves, did live in small towns created for the expatriate workers, such with Bell Helicopter which was building a turnkey helicopter production facility in Isfahan. A lot of the housing was in enclaves, or the Americans lived together in compounds, had their own schools and medical and things like this. But you have to put this in context, because the Americans were part of a massive Western influx into Iran. I mean, there were lots of Brits and French and Germans and what have you, all there on a lot of service contracts, turnkey operations in the communications field, electronics field, you name it. So the Iranian was very buffeted in terms of their lifestyle in a place like Tehran. I had a number of close Tehrani friends, people raised in Tehran, who said that the pace of life was such that it was very hard for them to sustain their traditional extended family get-togethers at the patriarch/matriarch's home on Friday nights. It's just hard because too many of the family members would have foreign visitors in town to look after; it took you an average of 45 minutes to an hour to go short distances at night. The traffic jams were enormous; Tehran went from 250,000 to 1,500,000 cars in three years. I mean, this was - I'm understating when I say it was a boomtown. It was an enormous boomtown.

So the foreign influx was just part of this enormous transition in the country where you had a massive migration from the countryside into cities. You had a terrific building boom - housing, offices, roads - and the Iranian's expectations were driven by the reality

of being able to have as many jobs as they could feasibly handle. So even unskilled people could have two to three jobs. Educational opportunities opened broadly, and the government was providing these free. Very Western kind of situations existed where young men and women went to school together, and dressed in very modern styles; a very modern economy. Paul Theroux described Tehran, though, as “a city grafted on a village,” because below it, it was still very traditional, poorly educated and socially conservative. This extremely difficult transition of moving from a rural, very uneducated environment to an urban, high-pressured Western influenced situation of course gave the seeds for the sociopolitical explosion that occurred.

*Q: Did sort of the Economic or your office look at this, this was political, or...*

TAYLOR: Well, it’s interesting. We certainly looked at it, and I have a smattering of it in my files, having kept but the eight economic trends reports I did. There was in the format in those days, I don’t know if it continues, a requirement to have at least a paragraph on the political context. And I gave great care to that, and many times had real arguments over that paragraph.

*Q: This would be with your supervising officer?*

TAYLOR: Well, yes, just as to how far you could go in an unclassified document. But I look at those paragraphs in retrospect with some satisfaction, because you can see in those eight semi-annual reports a progressive description of a society and a political economy with growing stress and tension. I wrote of the digestive problems of this forced industrialization, of the dislocations, of the value clashes between the West and the traditional Iranian society. So while I would not pretend to say there was a prediction of revolution, there was very clearly written appreciation for tension and for unfulfilled expectations, for disequilibrium, so that any businessman reading those would know that they were not investing or dealing with a society anchored on a stable structure and social mores.

Within the Embassy, and particularly after there was a major riot in Tabriz in February of 1978, we had a strongly divided position within the Embassy between political and myself over the causes of those riots. I argued that there was a strong economic component to the riots. My colleagues rebutted that, “You know, there’s no famine, no hunger or anything like that.” I said, “No, I’m not saying that, but just several months before, a major industrialization development there by the Italians had shut down, and had left 5,000 men unemployed. I’m not saying it was a one-for-one, but the fact that you had the beginning of an economic downturn, expectations were now affected; people could not find the second and third job; and the real annual wage increases in the low 20 percents per year were no longer occurring.”

And my point was that those riots would not have occurred a year earlier, or even six months earlier, but it was because of a fast decline in what the economy was doing. And certainly by the summer, these signs were much more pronounced, by the summer of ‘78.

Yet it was at that point that the draft national intelligence estimate was circulating that is now famous, or infamous, saying that Iran was not even in a pre-revolutionary state. And fortunately, State Department took that position head on, disagreeing with it. That is not to say that the Embassy was so clearly on record that things were bad, but we were reporting in the summer of '78 that the Shah was behaving extremely erratically. He spent the whole summer in his Caspian residence, he didn't do the normal things such as receiving foreign visitors, going to place things at tombs and things like this; there were all kinds of rumors that his visage was being dubbed on TV, and rumors about his illness or even death were occurring in that summer. No one knew, of course, that he had cancer. It was clear that he was acting in new, strange ways.

*Q: Would you talk about from the time until you left how things played out from your perspective?*

TAYLOR: There's been a lot written about what happened in Iran, but some of it has not been written yet. There was a major theater fire down in Bandar Abbas; I think it was, down on the Persian Gulf, in which four or five hundred people died and a lot of debate as to what caused it. In the Muslim tradition you observed mourning 40 days after a tragedy or anyone's death. To observe this tragedy there was a demonstration in Jaleh Square in Tehran; I think it was September 4 or 5.

*Q: We're talking about '78.*

TAYLOR: '78. Commemorating that. Those demonstrators were shot at, and a riot ensued, and demonstrations ensued, the first time that had happened in Tehran.

Now back up about a year and let's look at some things that had happened. As the government continued to try to adjust its economic policies and its budget to the diminished revenues, it turned to economist and Finance Minister Jahangir Amuzegar, to be Prime Minister. He made some decisions approved by the Shah, that did not get a whole lot of attention at the time, that we reported, and I put a lot of emphasis on. A serious one was to end the subsidy to the church, you'd call it, "church," we used that term, to the Islamic religion, which was about \$80 million a year.

There was a dispute up in Mashhad, a large city on the northeast border, over a major public works. It was, as I recall, a highway going to through the downtown.

And what the government did was far too cute. They took the appraisal values given by the Bazaar's (the bazaar shop owners) for tax purposes as the basis for indemnification for this road project. As I say, it was just too cute. And that reaped them the enmity of the Bazaar class. The Bazaar class was already under enormous tension because of an erosion of what they saw as their traditional role in the Iranian society. Their traditional role was to control commerce, and through their guilds they controlled trade and what have you. Clearly when, and this can be argued academically, when you have an oil boom and the oil is generated by a State-owned entity, the revenues pass through the Government. Now,

a different means could have been found to pass that money, but what was occurring was that the development programs were Government-run. And so a lot of State entities were born in virtually all sectors, energy, communications, electronics, transport, and so forth. They moved very heavily into the trade side, obviously. They drove a lot of the trade. So not only the relative importance of the Bazaar guilds was challenged, but their absolute status was challenged. They no longer were secure in say their x-millions of dollars in trade in shoes, because shoe factories were being set up under development programs, replacing much of their production.

This was an enormous change in the political calculations of the country, because even though you had a king and a vertical form of government, it had its own type of social contract. It required that you listened to and you tried to have some harmony with a major elite, which was your Bazaar class. So now the Amuzegar government caused and reaped the animosity of this Bazaar class, as well as from the religious class that was tightly linked to the Bazaaris. Then in the summer of '78, the government challenged some writings by Khomeini. At the same time this was occurring, the government was trying to liberalize politically. They were creating a more open political situation, encouraging people to become politically active in political parties. They were giving a broader parameter for reporting in the press. This is not to say that SAVAK was not still around, but clearly, some of these openings by government would force SAVAK to back off a bit. I remember talking to Iranian friends, people who had had graduate degrees from the West but very strong roots in Iran. A typical conversation would be, "Well, look, you are part of the technocracy, your life has always been guaranteed, your livelihood, by being apolitical, do you see what's happening to your country? It is now becoming modernized, you're being told by your government that your political activism is not only okay, but it's being encouraged. What do you plan to do?"

They would reply, "This is too big of an unknown, too big of a risk; we'll watch and see what happens." Those who were or had been in National Liberation Front party of Prime Minister Mossadegh, that had been overthrown with U.S. support in 1953, were somewhat encouraged by this development, but their front was not given any overt green lights by the government, although they were by implication being told that they were okay to be politically active.

It was interesting to identify people as you got closer to your contacts, who had clear abilities, who had performance records that would suggest that they should have risen higher in their organizations, in their government jobs, than they had. And if you would develop that kind of close relationship, as I did with several, I would be told "This was as far as I could go because my father, or even I, am identified with the National Liberation Front. And so while I can go so far, I can't go any higher." These 1978 political openings occurred, but there was very little response from those who had the ability, the social awareness and the training to try and make an impact on the Iranian society; they were, with some reason, too nervous to do it.

I can recall that certainly by the fall of '78, the analysis was quite clear that here we had a

confluence of two very difficult developments: On the one hand, economic recession, again, not that there were lines of people at the soup kitchens, but a substantial erosion in economic opportunities and a slowdown in improvements in wages; and on the other hand, at the same time you had the Shah who was allowing a political opening with more tolerance and expression and assembly and political activity. I think any political scientist looking at that would see that as a recipe for an explosion. This would be like having an overly constrained teenager let loose in Las Vegas with a pocket full of money. You do not take people who have lived for centuries under a vertical situation where their decisions were made for them, where they were not given the opportunity for assembly, for political activity and expression, except under very tight constraints, and suddenly start lifting those at the same time when they had real grievances. And that's what developed very quickly in 1978.

Another very serious development that I think was misread by some of us was that when the incident occurred at Jaleh Square September 8...

*Q: This was the shooting. You know, you're told that as soon as you shoot at a mob, you've lost. I mean, this is one since the Russian Revolution and all that. Shooting at a mob puts a magnifier...*

TAYLOR: What happened next is again maybe in the same area of a strategic maxim as you've just stated one. And that is that when you establish martial law, if you don't enforce it, you'll witness the beginning of the end. The Iranian government established a very normal kind of martial law regime with curfews, with limits on the number of people that could assemble, on the type of gatherings that were permitted, etc. When the first challenge to martial law occurred, it was not met with any enforcement. Follow-on curfew violations likewise went unpunished. I was one of those in the Embassy that said, "We're now talking about months before this government is over." We weren't speaking in favor of government suppression, we were just making an observation that you do not have this boiling undercurrent in this society with a traditional respect for power, and fear of power, and then have a non-exercise of power with anything other than a bad result. We learned subsequently that the Shah, facing his irreversible cancer, had wanted to accelerate the industrial revolution and the social revolution, so that he could pass governance on to his son. This was an enormous risk, and of course, proved to be disastrous and his undoing.

There were times even after September, certainly up until early November and Tehran's major fires, when the case could be made that the Shah could still have turned it around. This could have been done by a heavy exercise of power in a society that was still accustomed to respecting power, and by some very conspicuous concessions: by the removal of some key military leadership, and by giving some clear concessions to a more conservative society. Maybe not to Khomeini himself, but to curbing some of the more excesses. For example, the tapes of Khomeini that were circulating through the mosques, in which he decried the secularization of society, referring to the blasphemy by the Shah's government. They gave as an example a major investment down on one of the Persian

Gulf islands that the Islamists would view as Sin City. The Shah's brother was involved, and they were going to set up a pleasure palace down there, with Parisian floorshows and everything else that was suggested with it, as a place where the Iranian, particularly the Iranian male, could go and have fun. And these kinds of things, and the lifestyle of the Shah's twin sister Princess Ashraf, who was active in the international women's movement, were fodder for the accusation that the Shah was anti-God, was a blasphemer to Islam, and was leading the country in a perilous way.

So concessions in that area of lifestyle, as well as in some of the conspicuous military areas, I think up until maybe early November, might have worked. At least, it would have bought the Shah some time. Unfortunately, the Shah was not taking advice from either the British ambassador or the American ambassador. The Shah's ambassador to Washington, brother-in-law Ardeshir Zahedi, who as the Shah would say to Ambassador Sullivan, has no idea what's happening here, had the ear of Brzezinski. He was telling Brzezinski that the Shah was still in total control.

*Q: Brzezinski being the National Security Advisor of President Carter.*

TAYLOR: So you had back in Washington an enormous chasm developing between the NSC and the State Department, with David Newsom, Under Secretary of Political Affairs, and the NEA Bureau very much identified with Ambassador Sullivan's analysis, that things were in a precipitous decline, that this succession of prime ministers was not what was needed, and what was needed as we got further into this revolutionary period was to find some way to cut the losses of both the West and the Iranian people. And these proposals included overtures to other elites in Iran, as well as to the Khomeini people. Those ideas were not accepted by the White House. And those ideas were advanced in the early fall of 1978. This recall an unusual thing: we had a very talented and workaholic ambassador in William Sullivan. He took a month's vacation in August, unusual for him, especially at a time when things were not looking good. He was criticized. But when he came back and we were into martial law and engaged his considerable talents, policy suggestions were submitted, but they were not adopted.

We had the General Heiser Mission that came out, that was done over the objections of Ambassador...

*Q: General Heiser?*

TAYLOR: General Heiser came out of EURCOM over the objection of Ambassador Sullivan, but of course, he was ordered from the White House, and we had to acquiesce. He came to Iran in late 1978 and dealt with the high military command. The high command was not in touch, or at best in denial. It was reporting very minor defections and few problems of loyalty in the military. Our own intelligence was reporting enormous defections as we got into the October-November-December period. So we had terrific contrast between what the military command was telling the Shah and telling General Heiser or us, and what we knew to be happening from highly credible intelligence.

*Q: I'm thinking this might be a good time to stop now. We're talking about the October-December period. You've already talked about the split between the State Department and the White House, particularly the NSC, and what was happening, and their approach. I'd like you to talk about what then followed from this period, just as you saw it, and how the revolution developed and also about Ambassador Sullivan and how he worked. Do you want to put anything else?*

TAYLOR: Well, maybe we want to back up on a couple of observations. Ambassador Richard Helms was there when I arrived, and he was succeeded a year later by Ambassador Sullivan. The contrast was enormous. I have great affection for both men, and it was easy to give your loyalty and support to them, because they had enormous talents. They reflected their cultures very clearly in the way they approached the role of Ambassador. Ambassador Helms had been Director of CIA; he was used to dealing in a very closed, compartmentalized fashion. Recall that I said that under terms that we accepted, unfortunately, ambassadors tended to have all the top contacts. It was interesting that when Ambassador Helms would have a session with Minister of Industry/Economy Hushang Ansary, for example, or head of the Central Bank or Prime Minister. He would seldom tell us in advance about his call. Thus we had no input into these valuable contacts. He would come back to his office and dictate a draft reporting cable. He would without exception, unless it was a very narrow area that only he had just dealt with, take the draft to his staff. We'd usually see the whole cable, and he'd ask us, "Well now, does this make sense? Am I saying things out of context? Do you want to relate this with any other reporting you've recently done?" He took a very good approach in using his staff. And the irony was that after we had been able to give our input, then we never saw the cable, in many cases, because it would be submitted in a very restricted channel, and the next thing we knew, we'd be seeing the cable referenced out of the department by someone who had access to it, and we'd have to go and fight for a copy of what finally went out. So again, this is because of his intelligence culture.

In contrast was Ambassador Sullivan, who was known in the Foreign Service as almost unequaled capacity. Even in a place as large and complex as Iran, people would say sometimes that he didn't need an embassy staff; he just needed a Secretary and a General Services Officer to keep things running. He would have the same conversation with a high level Iranian, but he wouldn't talk to anybody in the embassy. He'd send the cable in, and it would go in as a typically classified confidential cable, with full distribution. We'd read about it, and often, we would be infuriated because we could have added something very, very useful by way of interpretation, or we could see that he had been used by the minister. This wasn't always the case, but there were many times when that cable should have had our input, and it was kind of having your noses rubbed, because you got to read this, but you had no opportunity to comment on it. So their style was just so, so different, and yet both of the men had terrific capabilities, terrific talents, and it was a pleasure to work with both of them.

*Q: We'll pick it up with relations, both about what happened after the fall of '78 period,*

*and how we saw things, but also with reference to the growing division between the outlook from Washington, particularly from the Carter White House and Brzezinski, and how we saw it in Washington.*

\*\*\*

*Today is the 13<sup>th</sup> of March. Clyde, do you know where we are?*

TAYLOR: We're 1978. We'd talked about the summer of '78 in Tehran, the fact that Ambassador Sullivan, who seldom took vacations had been gone a month, the Shah had been rumored to be ill, and then we had the incident in Jaleh Square in downtown Tehran, where there were a number of people fired on and killed in this demonstration, and that brought martial law. I don't know whether I said earlier that a number of us focused on that and said that if martial law is really enforced, that it could be a significant change in the trend, because the Shah had been seen as absent during the summer; in a vertical society there had been a sense of a power vacuum, and so when in the first challenge to martial law by demonstrations, there was not an application of the sanctions of the provisions of martial law, a number of us in the Embassy started talking about a matter of months until the Shah's government would fall.

In the course of those months, (Jaleh Square was in early September), and October and November, the situation deteriorated rapidly. In the American community there was a growing sense of panic. Remember that we had a large number, between 20,000 and 30,000 Americans just in Tehran, probably between 45,000 and 50,000 throughout the country. We had a lot of money riding on contracts; we had some arrangements that involved equity, you had large contracts, some turnkey, some others, where there would be a strong reluctance on the part of some American companies to fold their tents and run. There were tensions in every company, as there were within the official community, as to what kinds of responses we should be taking in protection of our people. We had three RSOs [Regional Security Officers] in the Embassy. It was telling during that period that two of these RSOs were involved full-time in developing emergency evacuation plans for the private sector. Yet at the time when we were finally ordered by Washington to permit voluntary evacuation, around the 8<sup>th</sup> of December, the Embassy had no emergency evacuation plan.

*Q: Everybody has an evacuation plan.*

TAYLOR: They do now, but we didn't have one in 1978. There were about 1250 U.S. military in the Military Assistance Mission. They were requesting permission to send out of country their high valuables; that was denied by leader Major General Gast.

*Q: When you say "high valuables," what's that term?*

TAYLOR: Well, that could be everything from precious memorabilia to, maybe you've got a collection of valuable coins, or what have you; these are just high value items,

things that you would either find impossible to replace, or they have such worth that you wanted them protected outside of the country.

*Q: Your silver, for example.*

TAYLOR: Yes. And there was a legitimate tension between those who saw that whatever we did would be very loudly interpreted in the local political environment as a weathervane of how we viewed the political situation. There's always that tension between sending destabilizing political signals on the one hand and saying, "But wait a minute. We have American lives, dependents, children, also to protect." Well unfortunately, this tension was always resolved during that fall in favor of our political weathervane, and how we would maybe affect the events.

The large American school - it was I believe the largest overseas school with 3400 Americans in it - started to function very sporadically. As we would get incidents, demonstrations, in areas that were near the school, or warnings that there would be such, school would be closed. So the families started being very much affected by this. Then we were going without electricity. During that period we would typically be without electricity from let's say about nine o'clock at night until in the morning. And then as time went on, we even started losing it during the day. We started having trouble getting bottled gas, which was the standard form of cooking. I can remember we saved our bottled gas for our Thanksgiving dinner that year, and a lot of people were using barbecuing, like charcoaling, just to make their food.

I'm trying to paint a picture of a community that was being very loyal to their private sector bosses and to the government, but for good reasons, were nervous. And I'm saying also that the private sector was being much more prudent in taking steps to plan for evacuation for problems, whereas the official community had their head in the sand.

Finally, toward the end of November, we had a period...I forget the date now, November around the 22<sup>nd</sup> or so, when Tehran burned. You may remember the pictures; they were front page all over the world; large buildings burning, where the anti-Shah forces would just pull furniture out of stores and office buildings and have immense Parisian type fires in the streets, burning the barricades kind of thing. One of these was just off the entrance to the Embassy on Avenue Takht-e-Jamshid. So this kind of environment was just building. At that point there were two wives of U.S. military stationed in Tehran that did a very significant thing. They went back to Washington; one went to the Washington Post, and her visit resulted in a very strong article condemning the posture of the Embassy, the Ambassador, and the military, for not being concerned about their people in Iran. And the other one went to her Congressman and Senator, and in effect, did the same thing on the Hill. So the Department found itself faced with a lot of inquiries, and from what these two women had presented, well reasoned positions, and yet they also found themselves feeling that they hadn't been well informed by the Embassy, because they were not aware of this tension back there.

So what ensued from all this was that the Department ordered Ambassador Sullivan to permit voluntary departure. I've already said I admired both ambassadors I served under there, but anyone who knows Ambassador Sullivan knows that he is very protective of his prerogatives, and he was extremely upset to have this decision taken away from him.

*Q: Were people in the Embassy so under his thumb - and I'm not using this necessarily in the derogatory sense - but so disciplined that they weren't saying, "Hey, come on now, let's... You've got a weak Shah, you've got a deteriorating situation, and you know, we've got families, and goods to take care of as well, and this is what the private sector is doing."*

TAYLOR: I should add that during this entire fall period there was never a town meeting or anything like that in the Embassy; no effort to really communicate with employees, so it was all people going to their supervisors, talking to each other, and again, the word from Embassy leadership, Ambassador, DCM, counselors, was one very strongly saying that we had to be careful what we did and what we said, because the political situation was fragile, we had a lot of equity in the Shah's future, military, private sector investment, what have you, and we didn't want to do things that could just accelerate the deteriorating situation.

So I know it seems improbable, we were also all working our butts off. I remember an interim EER done on me...

*Q: That's Efficiency Report.*

TAYLOR: Yes, that talked about in a period of about three months, close to 200 situation reports that I had done on the economic scene. It was a frantic time, because we had a massive exposure there, and a lot of interest in Washington as to what was happening to that exposure, as well as to what was happening in the Iranian environment due to these political changes and currents.

*Q: One other question before we go on: first place, was there a Mrs. Sullivan?*

TAYLOR: Yes, Marie Sullivan was a very much liked woman; she was not in the role of an activist ambassador's wife, where she had her own meetings and her....

*Q: Because sometimes there's, you know, the wives get together, and I would think the ones, particularly with the children and all this, would have...I mean, sometimes this can be...well, it turned out to be important, because of what the military wives did.*

TAYLOR: I'll give you an answer by an anecdote on this. In any event, the Department ordered this voluntary evacuation, the Ambassador was furious, but he had to comply. Very short notice; let's say we got the word on the sixth or seventh, and we were told that the decisions had to be made within 24 hours, and the evacuation would occur, as I recall, on the eighth of December.

I remember in the Taylor household, my wife being super organized, already had our Christmas gifts wrapped, they were under the tree and what have you, so we had a very early Christmas. We went home and had Christmas with the tree and everything, and because she taught school there in the joint American school, she planned to just go with the children as far as Frankfurt. A number did that, although the vast majority went on to the U.S.

What was interesting, though, was that we were visited by the front office in the Embassy, and I can remember being told, as others were, “Well now, Clyde, this voluntary departure is for the fainthearted; this isn’t for people who are really professional diplomats, so we hope you and your family will find it appropriate to stay.” Again, this reluctance to communicate to the Iranian environment that we were beginning to leave, or taking the situation so seriously, that meant that we were taking some steps to look after our own people.

Well, as it turned out, in a lot of ways, we really bristled on that, because our children were frankly getting to be a concern to all of us. The street situation was very precarious; as often happens when children feel the tension in this situation, they react in a hostile way. I can remember scenes in that period when American students who were mooning out of the school buses the Iranians because they were angry over what they were having to put up with. All their sports activities, their after school activities were canceled; school itself was episodic in being open or not, and they saw their lifestyle just crumbling. At best they were being confined to their homes at the end of the school day, if they weren’t home all day.

*Q: Just for the record, “mooning” means to expose one’s bare behind; it was a form of insult that was particularly popular in this period.*

TAYLOR: Only someone of our generation would think we’d have to explain that.

But there was a strong feeling here that both the Ambassador and DCM, neither of whom of course had children there and who lived on the embassy compound, just failed to appreciate what the situation was like for those of us with families. Our children were about 15 and nine, something like that. At the end of the day, everyone with children took advantage of that opportunity to voluntarily depart except one family, and this person was with the intelligence community and responded to this pressure to stay.

As soon as this happened, questions occurred as to, well, what happens if the new Prime Minister, who represents some anti-Shah, if not strongly anti-Shah, some other factions, manages to calm the situation? At least, we ought to be thinking about the possibility of our dependents returning, and of course, a large embassy like that had a lot of people in the pipeline, people coming. I should mention that the evacuation of families coincided well with a period in mid-December of Shiite Muslim religious observation that occasioned expressions of grief, self-flagellation and the potential for heightened anti-

Western demonstrations. Well, it was a total surprise to some of us to see an Embassy notice, preceded with zero discussion, that declared what the policy on dependent return would be. The policy was that anyone who had left voluntarily could not come back, but that people who were in the pipeline, including those with dependents, would be allowed to come.

*Q: Sounds like sort of pouting...*

TAYLOR: It was a policy of pure vindictiveness. There had been zero discussion of this, again, we'd still not had a town meeting about security. John Stempel was the AFSA representative, he was...

*Q: AFSA being the...*

TAYLOR: The American Foreign Service Association.

*Q: Which is equivalent to the union.*

TAYLOR: Our union. He was the AFSA representative, he was the number two in the Political Section, I was number two in Economic. He and I sat down and worked on a draft cable to AFSA on this policy. And we gave AFSA the background of the security practice of the Embassy through the fall, and then we specifically dissected that new policy statement, and we sent this cable in, and we asked AFSA to take this issue to management in the Department and get this policy rescinded, because we found it vindictive. I was told by a number of people that it was the most read cable in the Department for about a week; it created a firestorm, but nothing like it created in Tehran. We were accused of not having discussed it with the Ambassador and DCM and with the Administrative Counselor.

*Q: The DCM at that time was...*

TAYLOR: Charlie Naas. Ron Mills was the Administrative Officer. He came down looking for me and wanted to pound me physically; very, very upset. We met with the Ambassador at his request and we frankly just said we didn't feel we had any choice but to send this cable in, because the embassy notice was out and circulated, and the policy was in effect; there had been no discussion on it, and so we faced a fait accompli. Our only recourse really for overturning this thing, we felt, was in Washington, the same source that had established the voluntary evacuation.

It wasn't surprising that the Department within a week ordered the Ambassador to rescind that policy on returned dependents. It left a bad taste; I've got to say at this point that my personal relationship with the Ambassador and DCM were still very good, and to this day, I respect both of them, because they didn't...in the ensuing months that I worked there until both of them were gone, and after that, this did not affect relationships. They were very professional about it, although the Ambassador felt very hurt by this incident.

But I have no regrets over what we did, because it was forced on us.

As events developed, things continued to get bad in December. I don't know if it's been in any of the books, but the first penetration of the Embassy occurred on Christmas Eve. The Embassy, a little over 20 acres, is surrounded by a five-foot wall. We had word that there would be an attempt at penetration, and a lot of officers and Marines were armed and they were positioned just inside the walls at the appropriate time, and when the first people came over the walls, they saw this and retreated, and that was the first attempt. The next penetration, of course, everyone knows about, because that was on Valentine's Day. The government fell on the 11<sup>th</sup> of February in 1979.

To back up, I was surprised to learn in January that Assistant Secretary of Treasury Fred Bergsten had strongly requested my presence at the annual Treasury Attaché's conference in Washington the first part of February. The Ambassador and DCM had been sitting on this because of all these events; suddenly I was told after the middle of January that they thought that this would be good for the U.S. government for me to go, because there was a very strong interest in the economic issues owing to the large U.S. exposure in Iran. And the relationships I had with U.S. bankers in Tehran was such that I probably knew more about the bank exposures than the U.S. Comptroller did. So I remember leaving on a C-5 that took me as far as Athens...

*Q: C-5 being at that time the largest military transport.*

TAYLOR: Still is the largest military cargo plane. And that day I think there were five military planes, C-141s, one C-5, leaving, and so I went on that as far as Athens, talked to some U.S. bank regional offices there that covered Iran, and went on to London, met with U.S. banks there, then on to Washington, arriving, as I recall, around the 7<sup>th</sup> of February, and of course, the government fell a few days later.

Just as a side note, it's interesting to see how you respond psychologically to a situation like this. I was living in an area of Tehran called Dariush. I, now a geographic bachelor, still had a very large home. I'd picked up a man servant, a Sri Lankan, who had been working for our Science Attaché, since I really needed someone to watch the place while I was gone during the daytime. He was a Muslim, which I thought was good, but he was not a Shiite Muslim, he was Sunni, and that difference was usually identified pretty quickly. We'd had specific death threats in the fall when the family was there, put under our front door, telling us first to leave, and then that we were going to be killed, and then it got very pointed just toward me. But I left him there just to watch the house when I went out of the country in February. I remember an incident when I was in London on the way back. I was in one of the English taxicabs and there was a backfire from a vehicle; I hit the car floor just like I was in a war zone, and I just mention that because your body develops these protective mechanisms.

*Q: I found when I came back from Vietnam, when I would hear something, or a helicopter, you know, I mean, there were instincts, and I'd never really felt under*

*tremendous threat, but you know, you just react.*

TAYLOR: Well, I didn't sleep as well, because I was missing the night noise. When my children were there, my son developed a diary; he would sit up in protected windowsill and write a diary; he could identify the type of tanks, the type of shooting that was occurring just several blocks away on major thoroughfares. That was the environment.

*Q: By December of that same year, when there was a freeze put on and all that, what was the banking environment as you saw it at that time vis a vis other countries?*

TAYLOR: Well, the banks had a real mix of exposure. Unfortunately, a lot of them had longer term exposure, as the situation deteriorated in the fall they were trying to close out their short term exposure, and of course a good bit of the lending had sovereign guarantees, so that gave some degree of comfort to some banks, but if they faced a revolution they didn't know whether those debts would be honored or not. The biggest concern, as I alluded to earlier, was on the part of American firms that had equity relationships, because you don't redeem those in a period of civil disturbance; you've already elected to be in there for the long term. We had a constant flow of requests to the Embassy for our best information, our guidance as to what was happening. Before the government fell, there were already a multitude of incidents where workers would take action against management, including foreign management, to make demands, to voice their perception of grievances. This frequently involved taking management officials hostage. So there was already a lot of turmoil in the community, and this is why a lot of firms were evacuating their people in the fall. The amazing thing is how the word wouldn't reach some people. We even had people sort of coming what the Department of Commerce would call, "new to market," making inquiries about opening trade, because the dominant word in some parts of the world was still that Iran was the booming economy, and you ought to develop trade there. So our advice continued until the time I left June 30 of '79. It had to meet three different audiences: those who were still opening trade for investment with Iran, those who had trade or contract relationships, and those who had equity relationships.

*Q: Clyde, you're talking about dealing with different audiences asking for advice. Here you have an Embassy policy that doesn't want to destabilize the situation, and yet here you are as the person people come to, I'm thinking of American firms, saying, "What should we do? Is this a good place or not?" I would think that there would be a...you know, there's Embassy policy, yet there's common sense, and you're paid to give the best advice you can. What were you doing?*

TAYLOR: During the period of actual turmoil in the fall, of course the events themselves really swamped advice that someone would offer; I mean, the world news and television was covering the fact that there were riots, and there were deaths, and military defections and fires and things like this, so that was a very strong message. Where your question takes greater significance is after the revolution, and we're trying to maintain ties; I'll get into that when we get into 1979. I was just amused that back in that period, though, that

there would still be some people looking at entering the Iranian market. Most, of course, who were there, were concerned about cutting their losses, looking after their people. There was an anti-foreign surge that Khomeini and his people had driven, the kind of thing that resulted in the EDS Corporation people being held in jail, for example, but where the workers would accuse management and go to government and claim that there had been corruption and bribery and what have you. This started in the fall even when the government was still very fragile, and it became a real big feature after the government fell and you had the new Mehdi Bazargan government.

Let me return to...I'm out of Tehran now, I'm the only assigned person to Tehran who's not in Tehran, because I'd gone to this Treasury conference. The Iranian government fell and the Embassy asked me to delay my return until the security situation clarified. So I started working on the Iran task force in the Department. I read all the communications, including the tightly controlled ones. The Valentine's Day seizure of the Embassy is still not sufficiently appreciated for the seriousness of its threat to our employees. I've had hostages tell me that compared to their 444 days, that brief part of the day on February 14 when they were held was really the time they thought they were going to die, because some were lined up against the wall, and they thought they were going to be shot. So it was a very traumatic experience. As you know, it was negotiated, and the people finally left.

Do you remember, at that time the Ambassador to Afghanistan, "Spike" Dubs was killed at the same time. And then in the aftermath of all this, we had evacuations throughout the Middle East and what you might call the Golden Crescent Islamic area. Well, back in the Department, of course there was intense focus on what was happening in Afghanistan and Iran. The President and National Security Advisor Brzezinski decided that we would seek to maintain relations with Iran and the revolutionary government. This was done because we felt we had such strategic interests in the security of that area. We were concerned about the soft southern flank of the Soviet Union and their access to the Middle East oil. We felt that by establishing a relationship with the new government, we could put some brakes on what was becoming more and more evident, mainly an Islamic fundamentalist surge in that part of the world.

So the White House had not accepted the Department's view on this, or Ambassador Sullivan's view. Under Secretary of Political Affairs, David Newsom, from everything I know, was very much aligned with Ambassador Sullivan's view that during the fall of 1978 we should have been reaching out to the Khomeini forces and the more moderate military to try and arrange a coalition government. We might have been able to preserve the security structure by making concessions to the Khomeini Islamic group in terms of cultural/lifestyle issues, and thus prevent a hemorrhaging of the economy and of the country's people assets by emigration. This would also have involved at least a temporary departure of the Shah. As I said earlier, those views were rejected in all or large part by the White House, the main reason being that Ambassador Zahedi, the Shah's son-in-law, prevailed on Brzezinski with contrary views, characterizing all as a passing sort of cycle in Iran, and that the Shah really could re-exercise control whenever he chose to.

In any event, in reading the cables from Iran and trying to appreciate the status of our people there, certainly the feeling among the rank and file of us in the Department was that the policy of trying to maintain relations with this new regime was a mistake. And certainly if we did it we shouldn't be approving the size of Embassies that we were approving. We were not giving enough attention to the security factors of the Embassy.

This came to a head when the American Foreign Service Association requested a meeting with the Department's management; the Under Secretary was Benjamin Reed at the time. I remember being asked by AFSA to attend this meeting where they would be discussing particularly management and security policies in Kabul and Tehran. So I agreed to come. I remember it like it was yesterday. We went into a conference room at the Department and Ben Reed was there and he had head of Security; it may have been Carl Ackerman, I'm not certain. But he had all of his senior people in management on one side of the table, and AFSA was on the other, I was asked to sit next to the president of AFSA, which surprised me. And then when the meeting began, Ben Reed said, "Now, AFSA, you requested this, the floor is yours." And AFSA turned to me and said, "Well, our lead speaker is Clyde Taylor, who is assigned to Tehran, and who's been back here for the last month," and I was floored.

Well, something I had seen recently was very much on my mind, and so I used that as my presentation. I had seen a very tightly controlled cable from Ambassador Sullivan that listed his 10 priorities; none of the 10 related to achieving the security of the compound. We knew from being in a constant telephonic linkage to the Embassy, and from reporting, that there were three competing Revolutionary Guard forces inside the Embassy compound. One had occupied the Residence and was living on the first floor, and the other two were watching the perimeter and interior of the compound. They went where they wanted, they were ripping off the commissary, and they were walking at will within the Chancery. And they were at a not always low level of warfare against each other. Under any objective assessment of that Embassy, it was not an Embassy. An Embassy has to have an integrity that permits the operations by the foreign government in a secure way that is uninhibited by foreign factors, and this was not the case. I have been told that you'd just look up from your desk, and there would be one of these Revolutionary Guards in your office. They were inspecting people's material when they came to work, they had intimidated our FSN's so that almost none of them were working. So I, when I spoke to this meeting, went over this, and said that I found this really unfortunate and inappropriate, that our number one concern, if we wanted to maintain any diplomatic presence there, was securing the integrity of our Mission. The message went over very well.

Forget that scene, because nothing came immediately out of that meeting. There had been already a request from the Shah, who was in exile, to come to the United States for medical treatment. Ambassador Sullivan had been asked his view. He sent in a turgid response that was so strong that Department leadership said they couldn't use it with the White House or in the Congress because it was such an angry cable, and in fact, it was

saying, the idea was stupid beyond belief. But Sullivan took a very strong position that you could not simultaneously have seek to maintain a Diplomatic Mission and then do something as self-damaging as admitting the Shah, which would immediately jeopardize your Diplomatic Mission and its personnel. It was a very strong message, but I read it, and the language was deliberately intemperate, because Ambassador Sullivan had let his Irish temper be verbalized in that message.

I mention this because I was asked when I returned to the Embassy to meet with the Ambassador and ask him, and plead with him, to send another message, one that would present his views, but in a more user-friendly way. And I went back on March 5; this was about four weeks after the government had fallen. I was the first person to go in - I believe I was - after the government had fallen.

That's worth a little diversion and story. I was met at the airport by the head of the major Revolutionary Guard force; his name was Mashallah. Occupationally a butcher, he had been a guard in the prison when Khomeini was held as a prisoner, and they had developed a friendship; this was back in the '60s. After Khomeini had his triumphant return in January, Mashallah became a man of some note, and he was on the front cover of Newsweek and Time with Ambassador Sullivan. Well, my colleagues back at the Embassy had told him about my return, and they had said that I was a very devout Christian, and since Muslims, at least in theory, respect Christians, because we are seen as "people of the Book," and revere all but one of the same Prophets, Mashallah insisted that he was going to meet me at the airport. So here's this fellow, he's about 5'4" and about as wide. At that point, this group had appropriated about 80 percent of our large motor pool, and he was driving one of the cars himself. After I cleared the airport and was welcomed by some colleagues, I found myself with the honor of going back to the Embassy with him driving. I was in the front seat of the car; no one else was with us. He never came to a full stop in the entire...what is it, about seven miles...from Mehrabad Airport to the Embassy, usually doing about 55-60, one hand on the horn. From my point of view, I'm 6'2", I didn't think he could barely see out the window, he was so short. I had long ago become accustomed to Tehran driving, which I still think is the worst in the world, and did not have white knuckles, but I did have them that day. That was my return.

I returned to my house and relieved my Sri Lankan houseboy and found him a job with the Irish Chargé. I removed all my effects, all that I could, and brought my car down to the Embassy. The first day I appeared for work, the next morning, I came to the back gate, and here was a Revolutionary Guard, who told me to open my briefcase. I told him I wouldn't. We had a standoff, and I at least convinced him to accompany me to the RSO, and I told the RSO that this was an Embassy compound, and I was not about to be opening my briefcase to a non-U.S. Government employee. Well, I mention this because being the first person to go into what was still a traumatized embassy, this was a very telling experience. From then on, I kept encountering situations that were just unacceptable and bizarre, and I felt I was useful as someone who had not been through that terrible Valentine's Day experience, of putting my foot down and saying, "This ought to be stopped, we've got to make this correction."

Well, I met with the Ambassador on the request for another cable, and he just laughed; he said no way was he going to send another cable, the Department would live with this cable, period. In the course of time before the Ambassador left, I and several others met with him to try and argue for actions that would resolve the insecurity of the Embassy; these three guard forces that we were finding increasingly were drawing fire from the outside, were in strong friction with each other inside the compound. The Homafar group, young military technical personnel that were mainly in their teens, were doing such things as shooting over the heads of our Marine guards as they would do their morning run inside the compound. Mashallah was known for not being able to shoot straight. They all had weapons; RSO had at least tried to teach them how to use their weapons. One revolutionary shot his own foot; I mean, some of them couldn't hit the lid of a garbage can three or four meters, but they were all armed, as was the entire city, having liberated about 400,000 small arms. We learned shortly that these revolutionaries inside the compound were going into the area where we ran the minimal consular operations, mainly to help some key people with visas. We learned that they were copying the names and numbers of passports and what have you, which was very much endangering the Iranians; and yet, we weren't able to stop that.

They were going into our commissary and robbing us blind; they were taking 10 percent off the top of the sale of a lot of the things that were being disposed of that were in excess. It was really an untenable situation. The argument made by Ambassador and DCM was that our best protection from other outside revolutionary forces was by having these forces inside the compound, the reasoning being that their status with us gave them status, they had their piece of territory to protect, it involved protecting our lives and our operations, and therefore the Ambassador had no intention of making this a major issue with the Bazargan government.

*Q: By the way, were any of the other embassies having the same trouble, or was it just the U.S.?*

TAYLOR: No, no, it was just the U.S. Well, the New Zealand Embassy did have some problems, and they sent all their people out, and then they came back, and later the other embassies had problems. But during this period in the first months of 1979, really, the focus was on us. So we made this attempt to try and get the internal security situation looked at. Things improved to the extent that we were able to at least operate inside the Chancery without the guards walking around. When I went back to my office, I noticed that there had been what looked like a 50 caliber machine gun bullet went right over my desk chair; had I been sitting there, and it was lodged up in the wall. We had mounted a very strong barrier in the Embassy after the Valentine's Day incident that would protect the whole Marine guard desk from anything as powerful as 50 caliber. We secured the downstairs entry by putting cabinets against the door with full sandbags, secured windows, and I remember having to live in my office with sandbags going up halfway on all the windows to the point where all the plants I'd brought in from home died from lack of sunlight.

When I returned I was the Senior Economic/Commercial Officer. The Counselor had left. After the Ambassador left, and Charlie Naas became Chargé, I was the second ranking person. The biggest immediate work challenge was the fact that our FSNs weren't working; they had been intimidated at the gates and were not employed; we were still trying to pay them. And so I tried to address that question as to how we could employ them; a lot of them were on the Commercial side, and of course, we didn't have businessmen there to serve. I'm still pleased with the idea that developed for bringing them back. And it was difficult to communicate with them all, but telling them we expected them back and we wanted to honor their loyalty and pay them and engage them; we knew it would be essential that we keep them busy. So we brought them back and had them update the World Trade Directory Reports. Now, that might sound like a crazy idea for anyone knowing that standard Department of Commerce report that talks about the status of businesses, but stay with me a second, and it proved to be a brilliant stroke.

We brought them back, and we parceled out the names of companies and had our FSNs start calling around. Well, this accomplished many things: it supported our policy that we wanted our presence known, that we were going to be there for the long haul. Imagine being an Iranian manufacturer, banker, retailer, what have you, and getting a phone call from the Commercial Section of the American Embassy in that environment. Too, since a lot of the people we were calling would have been moderate, probably not pro-Khomeini people, it gave them a sense of encouragement, which was another reason why we were there; we were supposed to be there to give moral support to the Bazargan moderate government; we were supposed to be there to avoid leaving a political vacuum that the Soviets could fill, and I think some of this has been lost in the literature. Before that, we were also there to protect this very sizeable U.S. business exposure, billions of dollars in loans and equity. We were there to try and preserve a security situation, because we viewed Iran as strategically important. But next and last factor is one that I've not seen given much play, and yet, I think it was the principal reason that the White House decided to keep an embassy there, certainly one of that size, and that was to protect the minorities in Iran. There were populations of Baha'i, who were considered heretics of Islam; there was an Armenian community of a couple hundred thousand, maybe; a Jewish community of maybe 100,000 and a few thousand other Christians. These three groups, the Jewish, the Armenian, and the Baha'i, were extremely vocal and active in Washington in asking our government, asking our Congress to protect their civil liberties, their status in this period of turmoil, and that is clearly a humanitarian thing. But I don't think the degree of that pressure has been recognized as we saw it played out.

So anyway, in that environment, our FSNs came back and started calling businesses. We not only advertised our presence, our filling that vacuum, our being there, but we acquired very interesting information for our assessments. We would find out if a firm was in fact operating, and if so, at what level. Were they getting their supplies, what were their inventories like, were they doing any banking, how did they do their outstanding contracts. All these kinds of questions gave us some very interesting grist for our reporting, and at the same time, our FSNs felt vital again, and engaged in the Embassy.

So I don't want to over exaggerate that this was a beautiful thing, but it served a lot of purposes. At the same time, I was asked to call on more than half of the Cabinet, the Ministerial level, to communicate our policy. We acknowledged that we were seen as having been aligned with the Shah's government, we recognized that there was a new government, we wanted to take into account the government's new policies, particularly their emphasis on the agrarian economy, their new value system, and we were prepared to adjust to the new realities. We wanted very much to help Iran protect its territories, sovereignty. We respected their sovereignty; we would be there to help them in their economic issues and what have you. Whether we agreed with the policy or not, we carried it out to our best abilities.

This was a fascinating experience. For one thing, there were more green cards, that is, people who had permanent residency status in the United States, in the Cabinet, in the post-Shah Cabinet, than there ever had been. I remember calling on Mahadi, the new Minister of Commerce. He was a very pro-Khomeini Iranian. He was still operating an export-import business out of Manhattan, New York; he was a green card holder, very anti-U.S.

The meeting that stands out the most was with the new Minister of Agriculture; he had his Ph.D. from the University of Washington, had been in the States somewhere like 26 years. I remember he said to me even before I introduced myself and made some introductory statements, "Well, Mr. Taylor," in flawless English, he said, "Which government of the United States do you represent?" Having been around there a little while, I knew which way this person was going, and I said, "Well, I represent the only government we have in Washington." He said, "No, you're absolutely wrong, and you know it. There is the Jewish government in the United States, and then there is the pretend government of the United States, the one that doesn't have any power. There is the Jewish media and there is the one that pretends to be objective." And he delivered himself at length on his views that our Jewish citizens of the United States had the more powerful economy and government and what have you. I managed to deliver some of our message and then in a very civil voice said, "Mr. Minister, I sincerely regret that you were in our country so long and yet you learned so little about us."

But it was interesting, though, to meet with these people who were so Western in their education and not surprisingly, though, they were part of that very anti-Shah group that had been demonstrating for years in the United States. At the same time, we saw a flowering of English language newspapers in Tehran. A lot of these Iranians who had been either self-appointed exiles or real exiles because of their anti-Shah activities now returned because they thought that democracy was in full bloom; a lot of them did not have Farsi verbal skills. So they were producing newspapers in English, and it was interesting to watch even in the not quite six months...I was only there about four and a half, I left June 30...the level of disillusionment that was rapidly settling in among the thousands that came back.

At the same time, you had a massive emigration; estimates run as high as 2 million, and

that is still the biggest loss Iran suffered by the revolution. It was that the cream of their society, their better educated, their doctors, their engineers, and their financial wizards, who left. But there was...you must appreciate the fact that they had this terrific, very optimistic group that returned, thinking that they could now participate in building a new Iran.

*Q: Well, they came back with this idea, with the Embassy, particularly the line officers and all, I don't think ever were as taken, because they just didn't have the contact with the Shah and the family. Looking at that, was there any optimism within the reporting ranks that something might be happening?*

TAYLOR: The Embassy staff was of two minds, certainly after the fall of the government. There were those that were sort of led by at that point the country director, who had been the political military counselor there, Henry Precht. He and they felt very strongly that we could have a bifurcated government in Iran, that the old Mossadegh National Liberation Front people, of whom Prime Minister Bazargan was representative, would be allowed to run the secular state; that they would be able to attract managers, economists and the technocracy to some extent as the Shah had had, and they would be able to restore the economic moorings and operate a secular government. Khomeini and the clergy would, but this view, agree to be allowed to operate in the cultural and value areas, which would show up in certainly some clashes in the area of censorship and what kinds of, maybe what range of political expression might be allowed. Certainly, you would have a rejection of a lot of the Western corruption that had been so widely advertised during the months of 1978 as having corrupted the Iranian youth and people. But there was a strong view that this was a viable possibility. And I don't want to come across as saying that it was so easy to take the other point of view, and I'm not an Islamic scholar.

But I was with those of the contrary view, not seeing a coexistence of a secular government with a Khomeini Islam as feasible. Khomeini was not then a widely read scholar outside Iran; he was not considered in Iran as a particularly a powerful intellect, but he had a very strong following, because he had taken a courageous stand against the Shah early on. But those who read his writings knew that he was really not a typical Shiite Muslim. The main difference between Sunni Islam and Shiite Islam is their approach to governance. And this is a simplistic statement, but the Sunnis believe in the integration of Church and State, and the Shiite Muslims do not. Khomeini was a variance, a departure from the traditional Shiite view, in that he espoused an integration of Church and State. Those also who had read him more thoroughly than I, who had just read some English translations of his writings, were influenced by that position when forecasting the prospects for Bazargan and the secular government to be able to operate in their own area and without interference. We did not see this as a recipe that was going to succeed.

Obviously, if you held the other view, you would be fortified in your belief that our diplomatic presence there was viable, that we could have an influence, that we could protect our contracts, our exposure, and that we would have a degree of influence on

protecting minorities, and in securing the security apparatus, this terrific military that we had helped build in Iran. Well, this was a debate within the Embassy. I would say that most of us...I should mention there was a massive evacuation, and we took a large embassy down to about 70 people. I smile here, because 70 is considered a medium size embassy, and most of us thought that that was very much too large, but when you look at it from the point of view of meeting those objectives that I listed, of political vacuum, security and watching the military situation, protecting the human rights, and advancing economic interests, all these things, and then you add to that the security component, because we did maintain the Marine guards and what have you, we could find work for 70 to do.

But nonetheless, we veterans felt strongly that we had too many people there. My political officer colleague John Stempel if not coined made popular the observation that what we really needed was one officer and a German Shepherd. A number of us thought we should have turned over our presence to an foreign embassy with a U.S. interests section at that point, because we viewed ourselves as being so integral to the revolution as to be distasteful to the Iranian revolution and thus ineffective. I mean, there was nothing said by the revolutionaries against the Shah that didn't almost in the same sentence include an epitaph against the United States. The daily demonstrations in front of the embassy railed "down with the Shah and the Satan Carter and United States." It was sad to see that a lot of the American wives had to prove their having voted with their feet to stay with their Iranian husbands by being out there and at your doors chanting anti-American slogans.

Anyway, we went through those months of early 1979 with what was, as I said before, not a real Diplomatic Mission, that we didn't have integrity. We were trying to achieve limited objectives with the Bazargan government, trying to exercise influence on the status of contracts to see that payments were made. In my role I was working very hard with Central Bank; most of the people had been changed at this point; to try and see that the payments were made against our huge FMS account.

*Q: FMS?*

TAYLOR: Foreign Military Sales. You know, a typical payment might be \$800 million. The last one of those payments that was made occurred because of an arrangement we had made that added some oral signatures to coded messages by banks that permitted the transfer, and the person that authorized it at the Central Bank then became one of the few I did an affidavit on to help get political asylum; a very courageous, intelligent person.

But we found increasingly evidence that the Bazargan government was impotent. It would come up with a program to rejuvenate the economy and nothing would happen. It'd come up with lines of credit to stimulate commerce, and those lines of credit weren't used. The Khomeini forces were either sustaining chaos or successfully frustrating the government. If the government tried to provide relief to those who had been affected by the revolution or what have you, the Khomeini people would provide their own relief lines and see that

the government lines were frustrated, because they were vying for influence in society. You had at the same time, recall, parts of Iran that still were not totally responding to the central government, as Iran is full of factions. It was a very turbulent period.

*Q: Did you and the embassy have a feeling that maybe the White House, Carter and Brzezinski, were being unrealistic or responding more to political pressure? The concern for the Jewish community, concern for the Armenian community and all, or just maybe personal ties to the wrong people or wrong advisers or something? One has the feeling that there was a White House looking at this, and there was the Department of State looking at this.*

TAYLOR: Well, when you have a Diplomatic Mission in a country, and you have an array of U.S. private sector companies, a lot of them very prestigious, General Motors, Ford, DuPont, what you have is an illusion that you can still exercise influence. The White House and the Hill just plain lacked the realistic perception that this U.S. exposure and presence was somewhere between being hogtied and impotent. The American Consul who would in a benign environment call the court or call the jail and ask, "Is John Doe there, are you holding him?" I wouldn't get through now, there would be no answer. I mean, a call from the Embassy, if they'd even been found out talking to the Embassy in a government office, could jeopardize your life. This was a time when...

I should have referred to this. When I came back on March 5, I still found an Embassy that was operating as if it were, to some extent, in the old environment. There were some people who were having lunches with Iranians and doing representational vouchers, giving all the information about the Iranians, failing to recall that we had no security in our files, and that our FSNs were under enormous pressure by the revolutionaries and they might reveal this. And I remember saying, "We have to operate as if we're in the Soviet bloc, and you put down 'Lunch with Iranian businessman,' or you put down 'Lunch with Iranian.' You don't start identifying people, because you're setting them up."

So there was a whole change in attitude that took awhile to develop. Anyway, there was this expectation in Washington that we had influence. I can remember the extent of how ludicrous some of this would occur. You would typically go to work in the morning and you would see a cable; I remember some would have well over a hundred names, where the Department would come and say, "You're asked to ascertain the welfare and whereabouts of..." These weren't Americans, these were the Iranians, Baha'is, Armenians, Jews, and this became a predominant workload of our Embassy, this constant flow of cables asking us to ascertain the welfare and whereabouts of these Iranian minorities.

*Q: I would think that just their asking would put them in greater jeopardy than they already were.*

TAYLOR: Well, what we would tend to do, of course, we would go to the Jewish leaders and try and find out; we would go to the Baha'i leaders if we could. That wasn't always

easy, either; these people were under scrutiny, they were living in a reign of fear themselves, but no, we would not go to government and ask. We might feel secure with some people in the Bazargan government, certainly the Foreign Ministry, we might have some sense of security if someone were already in a judicial process, to make some inquiries. But what I want to emphasize is just the incongruity, I mean, just the bizarre nature of these types of requests, of thinking that the American Embassy was still exercising some influence and could affect the outcome of these people's lives. I think we did an amazingly good job in responding to these lists. Yes, we could go in with information on some, but we could certainly go in with information about the environment in which, say, the Baha'i community in Shiraz found itself. But all this just documents the view I had that this was one of the, maybe the prevailing reason for why we kept our Mission there.

*Q: Lifestyle...*

TAYLOR: Yes, in Tehran. I want to get into the implications of a very inappropriate personnel policy we had, and because we continued to do it, and we had dependence on volunteers. And then...I'll try and be careful on this, because you hate to criticize people, but when we veterans left, there was a real change in terms of attitudes at the Embassy.

*Q: Well, let's go into that. Also, let me ask one question. This was a time when back in the States you were seeing arrows pointing through Iran and Afghanistan towards the Persian Gulf by the Soviets. The Soviet invasion and takeover of Afghanistan had started and looked like it was going to be a success. What were you all reporting about Soviet influence in Iran at that time? We're talking about Soviet armies could run down, and we were beginning to get ready to put forces in.*

TAYLOR: Let me say a word about lifestyle. All of us, almost all of us, moved into an apartment house that was on a little alley at the back of the compound. I was on the first floor, on the street level. What was interesting, I would say on an average of four nights a week we would have revolutionaries come up that alley, going around the compound shooting in the air, sometimes lobbing grenades into our compound, all of which documented that these Revolutionary Guard factions inside the compound, which represented...the one in the Ambassador's Residence was alive with Bazargan, and then you had Mashallah and his people were from a very central alignment with Khomeini, and then you had the Homafar, which came out of sort of the Warrant Officer class. They were the ones that led some of the defections, the early ones. They had three different factions, and enormous rivalry within all of Iran, but certainly inside this four- to five-million population Tehran. And so it bolstered the view of some of us that thought we were losing much more by having these competing Revolutionary Guards present inside the embassy compound; they were drawing fire from the outside. We did have high buildings on the sides of the compound, referred to by Ambassador Sullivan, that would make us vulnerable to sniper fire if we didn't have these guards, but that argument could go either way.

But what was clear from my first floor presence in this apartment was that I was within yards of teenagers carrying M-1s.

*Q: M-1 being a rifle.*

TAYLOR: Yes, and you get, to a certain extent inured to this shooting almost to the point where if you don't hear the noise you don't sleep well. But these were very hectic days; we typically were working, I'd say, 14-16 hours. We ran eight hours ahead of U.S. East Coast in time, so when I got home would be when the East Coast started working. I would get calls well into the night from U.S. companies, asking all manner of questions and wanting to talk about the situation. We would sometimes cook communally among us bachelors; we would maybe have some movies and things like this in the compound. General Gast was there on the compound with some of the military people, and the military had access to some store of entertainment. We had some of the military traditions, like a "dining in" event that they planned for us; there were things done to try and boost moral, but we were certainly confined in terms of what we could do outside the compound. I to this day honor those Iranians who were still hospitable during that period. I was invited to the homes of several. When I went, I would have an Embassy car take me within four to six blocks and wait until that driver was completely out of sight before I would walk to the house, and then I would return by taxi, to try and protect these treasured friends. Again, I don't know if other officers did this, but I think coming in from the outside so to speak on March 5, I found it perhaps more a given to operate with a changed mentality.

I remember very clearly when Senator Javits around Easter time in 1979 introduced a resolution in the Senate condemning the human rights atrocities by the new revolutionary government...

*Q: Senator Javits was from New York.*

TAYLOR: He was from New York, and his wife worked for Iran Air, so there was a lot of accusation that he was in a conflict of interest, that he was representing a pro-Shah form of government airline. What was very much known in Iran, of course, was that he was Jewish, and so his action was seen as an insult to the Iranian revolution even though what the resolution said was right on the money. The result was, we had our closest brush with what could have been another Embassy takeover, in late April.

We had an estimated 40,000 people demonstrating outside the Embassy. On any given day we would have hundreds out there, but this was the truly scary event. I had picked up an invitation, longstanding, from two officers with the Bank of America to go up to the Caspian on that weekend. I missed this event, which was described in great detail by my colleagues as very scary. But the visit to the Caspian was interesting. One of the bank officers had been in the Peace Corps in Iran, had very fluent Farsi, was married to an Iranian. He was going up to his in-laws' beach place on the Caspian. And I asked him, "There are a lot of roadblocks and what have you, what's it going to look for three Americans, one with Embassy credentials, traveling these roads?" They assured me that

this was nothing to worry about, that we were going into areas where there wasn't this militancy, so I did go up there that weekend. Surprisingly I got an okay to travel from our RSO. It was a nice break from the tensions of the compound. One thing I'll always remember seeing on that trip had to do with caviar, to which I was somewhat addicted. Under the Shah, there was a fiercely strict conservation regime enforced that we saw had been completely reversed by the revolution. People were fishing the sturgeon freely and gutting them on the beaches. We bought superb quality caviar for the equivalent of maybe \$2.00 a hundred grams, right on the beach.

Anyway, that entire period was one of building disillusionment that the Bazargan government could succeed. They seemed to try a good range of reform efforts, including various to achieve economic rejuvenation, and nothing seemed to be working.

Meanwhile we were all well aware that the Department was trying hard to find a successor to Ambassador Sullivan, who had left. And Charlie Naas, the Chargé, was scheduled to leave. Ambassador Walt Cutler come through to look us over, having been the designated Ambassador-to-be. But because they were irritated by the Javits Resolution, Iranians withdrew their agrément.

So there was a desperate search to find at least a permanent Chargé. In the course of this, I was asked by the Chargé if I would let him put my name forward as his replacement. I was completing a four-year tour, and felt like I'd done my duty and I was now going to be away from my family for five months, so I declined.

Then Ambassador Bruce Laingen was identified as the permanent Chargé. He and I overlapped for but two weeks. I remember the two Fridays he was there, because that was the tradition day of worship, the Christian having adjusted to the same day that the Moslems observed their day of worship. And the community Protestant church that I had gone to had been desecrated and taken over in the revolution. Since our pastor was still in Tehran, we were having services on the German Embassy compound, where they had a chapel. And Bruce Laingen and I, for the two Fridays we were there together, went to services there. I mention this because of the irony of it. My "friend," Revolutionary Guard chief Mashallah, who you'll recall respected a religious observance, personally provided us with his escort of confiscated or appropriated motor vehicles, and guards with their Israeli Uzi machine guns and dressed in fatigues. It must have been an incongruous sight to see this motorcade of cars arriving at the German compound and these Revolutionary Guards leaping out with their Uzis providing escort for two American diplomats going to church. It's something that still brings a smile to me when I recall it. One who puts a value on preparing oneself for worship would see the challenge in this, that you'd be delivered by these revolutionaries almost to the door of the church. But that was part of all these beautiful contrasts that occurred there.

I've talked about our lifestyle. I want to talk about the personnel policy, because it was a very wrong one, and one that continues to this day in many circumstances where we have a very difficult Mission. Here we had made a decision not only to keep the Embassy, but

to keep a sizeable embassy functioning under a very difficult situation. We were being staff-starved in key areas as people's tours ended, and everyone knew we were going to get in this situation. What we found was, to our increasing frustration, that any attempts to recruit, to line up replacements, particularly Foreign Service people, because other agencies had their problems, too, were being frustrated by our personnel system. We had a woman who was scheduled to replace our sole section secretary to serve the now reduced section of four officers. And we had actually received her first travel message, in I think the December-January period, before the government fell. We were watching her progress and were surprised that we didn't get a cable saying that she had managed to curtail her assignment. Then we received the second travel message which indicated she was coming, and she actually came, even after the Embassy had been taken in February. She told that she been called a number of times by her Career Development Officer and her Assignments Officer, who tried to get her to reconsider, to curtail her assignment, saying that she was crazy to go to a place like this.

Well, I mention that because it was incumbent upon me to try and see that the staffing of the Economic and Commercial Section continue, as it was on other parts of the Embassy to try and assure that we were going to have successors. I could see that by late spring (I left June 30) that no one had been identified to replace any of us. That could mean that by September, when Barbara Schell would leave, we would have no section. I specifically went in with a proposal that was endorsed by at that point probably the Chargé that the Department look at tandem couples without children or with children who could be in boarding schools. This was an Embassy of sufficient size that we could assign tandem officers in separate sections. We were trying to get the Department to do some strong marketing or directed assignments. We also urged the Department to do some directed assignments to make certain we got the good quality people. To our disappointment, the Department stayed with a voluntary assignment policy, and one that was not very proactive in terms of trying to fill out the approved staffing with good folk.

Now, what does this produce? We were a Class One Mission, the largest category of Missions that also reflected a degree of identified U.S. interests. The Department did not change that category, and that category and size of mission drives the staffing pattern, so that Section Chiefs were at what now would be the Minister Counselors, the old FSO-1 level, where you had not only danger pay but the old 10 percent differential we had been getting due to pollution. So you had high allowances, you had family visitation after three months, and a mission with inflated position classification and diplomatic titles. What effect did this have? This attracted three types of people, and I don't want to make judgments about the actual individuals who served in that time. I'm talking here in generalizations as to what tended to motivate people to extend or to come there on either permanent or TDY basis. You had some who came to save a career; knowing that value is usually given to not just how well you work in the Foreign Service, but where and under what circumstances.

*Q: Where you get extra points for being in difficult places.*

TAYLOR: Exactly. People pay attention to the fact that you were in the front line in Viet Nam, or what have you, or you were in a mission that was under siege. And if your career was in the doldrums, there were people motivated to come to Tehran who thought that they could save their career.

There were some who thought they might save a family situation by being apart, or perhaps, as a tandem serving together.

But quite clearly, the strongest motivation was from those who came to save money - you couldn't spend it - but also to acquire a performance record in a job that bucked you up you considerably, because no one was assigned there higher than what is now the O-1, in days the O-3 rank.

*Q: Equivalent to Colonel.*

TAYLOR: And yet they were serving in jobs that were one and two ranks higher; certainly, if they were Section Chiefs. What also happened is that certainly by summer, you were losing veterans. If you look at the people who were held hostage, apart from Vic Tomseth and Mike Metrinko and some military people, you had a large number who had arrived in the summer. Now, these motivations naturally affect attitudes that show up on the job. And I don't want, again, to say that X officer was guilty of this, I'm speaking in generalizations, because I think it's worthy to look at this because you have unintended consequences from a personnel policy.

When I made my weekly assessment and reissued the guidance to businesses, those who would still be "first to market," those who had contracts and those who had equity, I can honestly say I did it with no relevance to my status, because I knew I was going to complete my four-year tour there in the summer, and I was prepared to leave any day. In fact, in the chat within the Embassy, particularly as we focused on the potential for the Shah entering the United States, a number of us had said, "That's when we buy our own flight ticket, if the Department doesn't give us one." There were a number of us who felt that, because while we carried out our policies, in our hearts we didn't. In our work, we did; in our hearts, we thought that we were there in a mistaken policy. So we weren't there at that point wanting to complete a performance cycle, wanting to complete a year to save money, wanting to complete a year so we could save our career or what have you. And I think that the departure of the veterans had a profound effect on things.

I'll give you an example. Within almost days after I left on June 30, companies in the U.S. had tracked me down to my home in Washington and were asking my views about Embassy policy, because suddenly they were getting guidance that was changed almost 180 degrees from that put out when I was there. I think it is known generally that in the week in which the Embassy was taken in November of '79, we had families en route, dependents en route to return to Iran, or to go to Iran for the first time. Why was this? Because among the new cadre of people there were those who felt that any day that there was not a crisis, that there was not an outbreak of security problems, that was evidence

that security was improving. And I can tell you that among the veterans, there would have been if not a consensus, there would have been a majority view that that didn't tell you anything. That just meant that the Khomeini folks' targets were still internally focused; that they were fighting among themselves. We believed as a virtual absolute that the entry of the Shah would be enough of a trigger to just...

*Q: The entry of the Shah to the United States for medical treatment.*

TAYLOR: Exactly. It wasn't that any of us felt that we shouldn't show a humanitarian gesture, it's just that we felt you can't have your cake and eat it, too. If you wanted to exercise that humanitarian gesture, then you ought to close your Tehran diplomatic mission; you could not do two things. You can't see an anti-American feeling brought to the forefront by taking care of the Shah and expect that the Iranian populace was going to respect the rights and movements and operations of 70 people in Tehran, or other Americans there.

So to repeat, I think we pursued a flawed personnel policy, and it was difficult to staff. There were people there that were still on TDY status, but anyway, enough said on that.

I want to give honor here before we leave Iran to Bruce Laingen. He very quickly seized the problem of the Embassy's integrity. When he arrived in June '79, he found an embassy still with three competing groups of Revolutionary Guards inside the compound, ripping us off, stealing, going at will around the property, and he used perhaps the one leverage that was there all along, to address it. The Iranians were extremely desirous that we resume consular operations. They wanted their people to be able to travel; those that they would approve to travel. And so he used that chit to establish one, approved Iranian guard operation for the Embassy compound that would be under our authority and operate under our terms. And I really give him credit for that. And to my knowledge, that was operating by sometime in July, within about a month or so after he'd arrived.

Do you have any questions about Iran?

*Q: How did we see the Soviet threat? It seemed like the Soviet Union was on the move at this time, particularly with Afghanistan, things in Africa and all that. Within the United States, there was a feeling that maybe the Soviets are going to do something. But how did you all feel about it?*

TAYLOR: Well, by saying that there was an enormous attention to the protection of minorities, I certainly don't want to diminish the attention given, certainly by our strategic thinkers in Washington to the geopolitical and Soviet issue. We had in Iran under the Shah, what was it, the world's the fifth largest military. They had the third largest C-140 fleet in the world - U.S., Germany, and I think Iran was next. We had an awful lot of security apparatus there that could fall into the wrong hands. Certainly Iran had a big oil/gas industry and reserves. You're absolutely right; the Soviets did seem to be on the march. There was a lot of concern, and of course, our intelligence capabilities diminished

enormously after the fall of the government, but there were all kinds of rumors and stories as to what efforts and successes were being achieved by the old Iranian communist Tudeh Party in that still stirring pot as to who was going to achieve ascendancy and strong influence on the Bazargan government.

There were, within the Islamic community, those that felt that they could have at least an alliance with the Communists against the U.S., but the dominant Khomeini people were not in favor of that, and that's what finally won out. Also, the Tudeh Party had its own factions; it tended to be very dated old Marxist in its leadership, and so it had its revolutionary element that was also there and hard to track.

There was an aspect of what was happening there that I may have referred to in an earlier sitting, and that was that the Iranians represented in my experience the country that most adhered to the hidden hand theory; that is that their fate was determined by exogenous forces, that they had little role in what happened. So it was that discounting that tendency, their view often bordered on the incredulous. It was amusing to witness in the early period in 1979 the number of serious senior Iranians who still believed the United States was in control. I can remember people who had been at the Under Secretary level or owners of companies who were still in Iran, hadn't fled yet, in those early months of '79. When you would speak to them, they would say, "What's happening to your plans? I mean, you obviously saw this Soviet threat in the area, you saw the resurgence of Islam, you saw the weakening of the Shah, and it's a pretty interesting strategy you U.S. have, to support the Islamic revival as the best bulwark against the Soviets. But it looks like your man Khomeini is out of control; when are you going to rein him in; he's now really doing some damage to Western interests."

And I'm not putting words into these conversations. We had many of them that ran this route, and after I returned to the U.S. and kept in touch with Iranian friends, I was still getting this belief that this was still part of our plan, and its just so typically Iranian. As I may have said earlier, I only know one Iranian, at the level of power broker, at the end he was a Minister and briefly head of the Central Bank, who told me that he does hold the Iranian society accountable for not having filled political vacuums and opportunities and what have you. I'm talking about Iranians here who had the benefits of two cultures; most of them had their Ph.D.s in the West, but they had deep roots, had grown up and had worked many years in Iran; they weren't among those who couldn't speak Farsi. No, these were in leadership roles in Iran, who held these views.

*Q: One further question before we go, because the gentleman keeps cropping up in American political life, and that's since you were dealing with commercial stuff, can you talk about your experiences, if you had any, with Ross Perot?*

TAYLOR: Well, I have read the book, seen the movie, what is it, The Eagles Have Landed, is it?

*Q: Something like that. It's about escape from Iran.*

TAYLOR: I think it's *The Eagles Have Landed*. That's an outrageous episode; it's a story of individual courage, but of inane bluster and chauvinism on the part of a U.S. company. Some background first. It would have been difficult for any U.S. company or foreign company to operate successfully in Iran without engaging in what someone could have called bribery. We know how difficult it is to define bribery. Paying for a service - when does that cross the line and become bribery? In Iran, there was a general reference to the Shah's brother; the Shah's brother was infamous for having his 10 percent in a lot of concessions and joint ventures. So when EDS says that they were not guilty, they were innocent of the charges of corruption and bribery which the revolutionaries accused them of in that 1978 period and which resulted in the incarceration of I think three of their executives, Americans, and their passports being held by the Embassy, that's a debate. I would not take a *prima facie* case that they were guilty, neither would I take one that they were innocent; I'd want to know what the criteria were for judging it. But they were not alone. There were a lot of foreign executives, U.S. and other Westerners, who were accused of this because in the environment that was going on, everyone was questioning authority; a lot of management groups were under attack.

At the time Ross Perot planned and executed the escape of EDS' three executives, shortly after the Shah's government fell, the Embassy had as one of its highest priorities to make arrangements for the orderly departure of some 10,000 Americans and dependents that wanted to leave. There was another batch that were married into Iran's society that stayed. This was a very high priority. Now, recall that when the government collapsed, all the police and precincts and security posts in Tehran had been overrun and an estimated 400,000 arms ended up in the hands of private citizens. The Revolutionary Committees/Khomitees became sort of like neighborhood governments. When you went to move your personal effects, let's say you got them into a truck and you had an arrangement to take them to the airport where they would go maybe on a U.S. C-141, you would find that as you moved from neighborhood to neighborhood there would have to be payments, and there would be things written on the containers to indicate that that this has now been approved to go from this Khomite into another neighborhood. It was a gerrymandered situation; there were competing governments, it was not a stabilized situation.

We had worked with the Bazargan government to put together mechanisms for the orderly departure of people and their possessions. Remember, the figure was some 10,000. When Perot pulled off this rescue mission, going into a major prison in Tehran and getting the three executives out and over the Turkish border, he effectively shut down that entire agreement. Of course that is not in his book, it is not in their movie, it's not been much in the press, that this "heroic action" to save three people jeopardized 10,000 Americans, and it was only through heroic efforts that we were able to keep that arrangement, to restore that arrangement, because the Iranians took this as a great insult to their revolutionary integrity and apparatus. I'm not one who admires that rescue operation.

*Q: Well, you left June 30, 1979. Where'd you go?*

TAYLOR: Well, you remind me of the departure itself. In the revolutionary time, when I would do an awful lot of briefing of journalists, I remember one time I was called by Ambassador Sullivan, and he said, "I'm hearing from people how you're describing the revolution," and I was afraid that my cleverness had caught up with me. I was telling people that the three pillars of the revolution were greed, hate, and hypocrisy, but I was doing that with serious analysis: it was a new group that wanted their turn at the till, that was the greed; the hate was a very deep hatred by the anti-Shah people, both the liberal political side and the very conservative Islamic side; and the hypocrisy was, of course, the very conspicuous use of religion to justify the actions taken. And Sullivan chuckled; he liked it.

I recall that because you're talking about my departure. I arrived at Mehrabad Airport allowing four hours to leave. Mehrabad inside was a crush of people. There was, in fact, if barely recognizable snake line that would take you up to the counters run by the Revolutionary Guards that you had to pass through before you ever got through to the immigration tables. I would have never gotten on the plane, even though I'd allowed four hours, except for an entrepreneur porter with a dolly who made his livelihood as others did of helping foreigners - and getting a lot of money from them - by jumping into the queue. I was fortunate that one of these encountered me, and having already taken up the leather luggage belonging to some Italian businessman, and he saw this other foreigner and thought I would add to his take that day. I was down to about 600 rials, which was about \$4.00 or something at that point. He threw my luggage on and he jumped the line up to these Revolutionary Guards and almost spat when I gave him all the money I had left. I got to that table, and I saw what I had heard about now happening: the Revolutionary Guards were making everyone open everything they had, take off your boots; in the case of women, open your purses, and then just frankly confiscating anything that was Iranian. They were taking your jewelry, they were taking rugs, they'd certainly go through any files you had. All of this, they said, belonged to the Iranian people. Well, I just had clothes and stuff; they weren't interested in that, obviously I wasn't taking anything back of Iranian identity. But they were demanding to open my suitcases, and I was standing there waving my diplomatic passport, because we had been told by the Bazargan government that our visas were still recognized as valid, and so they just kept ignoring me, and I kept standing there and telling them I wasn't going to open my suitcase. And they finally got tired of me because I guess I was blocking lines, and after about 20 minutes let me go. When I got on the British airlines flight, it was rather poignant that one seat was vacant because one of the passengers had had a heart attack and died in the airport. I don't know what the temperature was, with this packed humanity, but I was soaking wet from my underwear and socks out. It was quite an experience; and we passengers were all glad when we took off, later clapping when told we'd left Iranian air space.

I was scheduled to go from there to the National War College, which was a beautiful experience, because I could be back with my family. I'd been away for about five months, and we were moving back into a house we hadn't lived in, and after various renters

needed time to fix up. You could study at night and come home early in the day, enjoy your family. It was a very nice transition.

I did that for a year, and really enjoyed it; it was a good time to take stock of your professional life, to reindulcate yourself with some good analysis and theory as to what's happening in society and how we make national security policy and all the elements of society involved. And then there's that equal value to formal learning from a war college, and that is getting to know your colleagues in other agencies and the military and what makes them tick, what are their biases. It was a fascinating year.

*Q: Now tell me, you were there from '79 to....*

TAYLOR: July of '79 'til June of '80.

*Q: Well now, of course, the Embassy takeover took place in November of '79.*

TAYLOR: Well, as a student, I found that on more than one occasion I would be in a seminar and the door would burst open and one of my fellow students would be grabbing me to come and settle an argument in another seminar, because Iran was always at the forefront of discussions. It seemed to be an example of something or other.

The first day in the committee to which you're assigned permanently, like a "home room," we went around the table, and it was similar to grade school, you know, what did you do during the summer and how did you get here? And when I said that I'd just come out of Tehran, a Marine colonel who's now a four-star general in the Marine Corps, and still, of course, a friend, snapped at me, "That was a terrible blot on America's history." I said, "Well, what do you mean?" He said, "Because you should have defended yourself until the last person died rather than let the Embassy be taken over." And I just kind of smiled, and I said, "Well, you had to realize you were in a city of four and a half million people with hundreds of thousands of weapons out there, with a society that saw us as integral to the revolution. If there's value in death, you may have an argument, but if there's value in life, then I don't think you do."

But that was the feeling on the part of the military. Later in the year, several of us in State Department became aware that there was a rescue attempt being planned, and there was a lot of side taking on that. I was totally against the rescue attempt, because when I heard it described and as it came out in the aftermath, when our military leadership said that they viewed the highest risk aspect of it was the rendezvous in the desert, in Tabas, which documented my view that we were downplaying that extreme risk in Tehran itself. And of course, in any plan like that, we had identified what would be an acceptable loss of life among our hostages, and so even though we lost some people in the desert, I'm glad we didn't get all the way to Tehran, because we would have lost many more.

*Q: Well, after you came out of the War College it would be 1980.*

TAYLOR: Correct.

*Q: Spring of 1980, summer of 1980, whither?*

TAYLOR: Well, it was interesting. At that point I had done 13 years of economic work. My mentors had said, "You know, you really need to broaden yourself, you need to get into management, or at least if not management per se, get into positions that would evaluate programs." Thus I agreed to be assigned and was paneled to go into the Office of the Inspector General. Before that occurred, I was approached by the Bureau of Narcotics Matters (INM), and a classmate of mine Ed Corr and the senior Deputy Assistant Secretary there. He and the political Assistant Secretary flattered me with a nice barrage of calls and efforts to convince me to go there. I finally responded, "Well, I know that the OIG doesn't really allow assignments there to be broken, so if you want me, I will say I'm willing to come, but you're going to have to break the assignment." Well, the Inspector General, Bob Brewster was a good friend of Assistant Secretary Mathea Falco and Ed Corr, and they got him to agree to break it.

I went to the Bureau of Narcotics Affairs as the Director of the Program Office, knowing that Ed Corr had been selected to be Ambassador to Peru, and that then if I had proved myself, I'd be identified to be his successor. So that worked out. I went there in July, and by November I had been approved by the Secretary as Deputy Assistant Secretary. And I stayed in that job for five years.

*Q: You were there from 1980 to 1985?*

TAYLOR: Yes, when I left, I was the DAS with the longest tenure who had been approved by Secretary Muskie. I would never recommend that someone stay in any job like that for five years, but it was an extremely busy and interesting job, and at the three year mark, I just did not take the time to work on my...

*Q: Well, now, could you explain a bit about the Bureau, because it was a new one and so what was it about?*

TAYLOR: The Bureau had been newly created. It had absorbed some of the functions from AID's public safety program, which had come under very strong Congressional criticism for training foreign police who were then identified with human rights abuses of authoritarian and abusive regimes. AID was told to get out of that business. So to the extent that we would train foreign police involved in drug control, State's International Narcotics Control Program replaced AID. Ambassador Sheldon Vance had been the Senior Advisor to the Secretary for Narcotics Matters immediately before it became a Bureau. Mathea Falco was its first Assistant Secretary, and this was in the Carter Administration. She built her staff on people borrowed out of OMB, the drug office in the White House, some detailed initially from AID; it was a collection of different personnel types and a few from State's Foreign Service. A budget initially was in the low \$30 million, I believe. I arrived about a year or so after the bureau was formed, and there had

already been a considerable effort by Ed Corr and Joe Linneman in putting together just the organizational fabric; Linneman was the Senior Executive Service Deputy Assistant Secretary, who had a strong background from OMB, The Bureau then and to this date is funded and authorized under the Foreign Assistance Act. Like AID, INM funded programs under project agreements usually with foreign governments, but other entities as well. We had law enforcement, procurement and aviation specialists, drug and health epidemiologists, and needed to monitor the use of the commodities we donated and conduct evaluations of the drug control programs. The intriguing part to the Foreign Service officer was what I would call drug diplomacy. And here, the effort was and continues to be to try and put the issue of drug control on the diplomatic agenda much the same way we have put pollution, human rights, endangered species, terrorism, other non-traditional diplomatic issues on the diplomatic agenda.

The difficulty we faced was, of course, that drug control, like issues of human rights and the environment, are confrontational issues. These are not issues that you take to a foreign government and they generally embrace. Since the existence of significant illicit drugs usually correlates with conditions of weak or corrupt governance in a developing country, we found that it was usually a difficult domestic agenda because you're up against their vested interests and weak or corrupted political will. When confronted, these governments would often resort to arguments about "interference in their internal affairs," even though they were signatories to international drug treaties that obligate them to cooperate in illicit drug control actions. We made the case with some success that illicit drugs, like pollution, is a transnational issue requiring international cooperation. We worked very hard with the Geographic Bureaus to get them to recognize that here was an issue that from domestic political considerations was ascending in importance, and that if they ignored it, it would typically come around and bite them you know where. Unfortunately there were early cases when this advice was ignored and our prediction came true.

I would tell our IMN country officers that they will have won the day when, say, the Thailand desk officer, in preparing his DAS' travel to Thailand, brings to you a draft statement, talking points, on drug control. We should not get bureaucratically jealous that we didn't initiate it, rather, we should take great comfort that now the East Asia Bureau has identified drug control as a mainstream topic in that DAS's agenda, in that DAS's talking points. And so that's the approach we took, and we spent a lot of time just developing our contacts with those key geographic areas, particularly in Asia and Latin America. It was only later into the '80s that Africa got more involved. The Europeans operated very much from the point of view of allies in this effort because they like we were consumer, not source countries of illicit drugs.

It's useful to describe maybe one example that stands out, and that would be the country of Pakistan. You may recall that in our evolving relationship with the Zia government, Carter had offered Pakistan in the late '70s a \$200 million assistance package. It was spurned as too little. So the issue of how to build a relationship with Zia's Pakistan was still hot in the early '80s. Our primary concern and objective was that Pakistan abandon

nuclear weapons development. Concurrently, in the early '80s we discovered that Pakistan was a major source of heroin. Bruce Flatin, in INM's Program Office, coined the name (still used today) "Golden Crescent" as the arc of Pakistan, Afghanistan, and Iran which quickly developed as the primary source area of the heroin entering Western Europe and the United States. This heroin, replacing that from the Golden Triangle of South East Asia, was plentiful and potent because of its high purity. It was extremely critical to the U.S. because our addict population - then and now put at about a half a million, with a large component being Viet Nam veterans - was used to living on heroin that had a four to five percent purity. Now a heroin and opium addict can develop a tolerance, but if the purity of the dosage increases suddenly the person may die; or, if it goes down suddenly, they develop withdrawal problems. In the early '80s, the U.S. heroin population suddenly was getting this SW Asian/Pakistan heroin with purities in the teens and up toward 20 percent; the result were lots of deaths from overdose. Since the heroin pipeline moved westward from the Golden Crescent, the first indication was when it hit West Germany, which before did not have much of an addiction problem. The purities there were as high as in the 40 percentiles. Not surprisingly, West Germany was experiencing what to them were heroin overdose deaths of an epidemic proportion.

So we started talking with our friends in the Near East Asia Bureau who managed Pakistan, trying, in effect, to get on their agenda. One day I bumped into a copy of a paper of an interagency working group (IG) on Pakistan that tried to make the case for an assistance package. It was clear that the IG has been working the issue for some time. The material I saw had current and out-year projections of assistance to Pakistan from all sources placed it in the context of our foreign policy objectives. Notably, there was no mention of illegal drugs, nothing at all, not a word in there or of any U.S. assistance. One would have thought that even though the INM present and planned assistance to Pakistan was small, it would have been captured in the presentations since that was scant U.S. assistance to Pakistan. I remember going to the NEA DAS covering Pakistan at the time, and making the case for including the illegal drug issue.

The NEA Bureau had taken the lead in developing a billion dollar assistance package that they thought was enough to really capture the attention of the Pakistan government. It did, and they got an agreement from Pakistan. But there was nothing in the agreement about drug control, nothing at all. When word of this hit the Hill, it deep-sixed the entire package.

*Q: Talking about Congress.*

TAYLOR: Yes, the Congress. I remember the Ben Gilman and the Charlie Rangel, the leaders of the House of Representative Narcotics Task Force. They just said, "Hell, no" to State's package. They were going to block the agreement. And there were folk in the Senate taking the same position. The reaction in the NEA Bureau was one of great hand wringing; what are we going to do? They were going to go back and renegotiate the entire package. I learned of it and went to NEA DAS Dave Schneider said, "No, we can just negotiate a codicil to this package that will address the drug issue and contain some

commitments from the Pakistanis on drug control.” They were rather incredulous that we as a Narcotics Bureau would assert this and could help make it happen. So, by working with NEA, offering new language that would work with the Pakistanis and the Hill, and the promise to use our good relationships with relevant people on the Hill, we together were able to salvage a package that had been negotiated with great effort and that had a lot of good elements.

Before this happened, during a fall 1981 introductory trip to Pakistan, I remember a meeting with Ambassador Art Hummel. (It was while there that my appointment as DAS came through; I recall a cable saying the Secretary had approved it.) Along with our Narcotics Assistance Officer, we had been meeting with Embassy and AID folk trying to put a program together. And frankly we weren’t getting support from the Ambassador. The DCM was Barrington King. I tried to make the argument, based on our history in Burma, as follows: we don’t have good relations yet with Pakistan, they are really testy, the (then pending) AID package had not been implemented, but here is a motherhood issue. This country is on record as being against drugs. Their Islamic tenets would make them against drugs. Why not work this issue and see it pave the way on other issues?

No, the Ambassador took firmly the view that the narcotics issue was something that we can work only when we get other issues nailed down. And this was despite the good relations that Assistant Secretary Mathea Falco had with him as a result of her groundwork there and with NAE. It was interesting that a couple of years later when I was there on a visit with a new Assistant Secretary, Dominick DeCarlo, and we met with the Minister of Interior, under whose jurisdiction came the police and the drug efforts. Barrington King was then the Chargé. He accompanied us on the call, and it was almost as if discussion had been scripted from our point of view in the Narcotics Bureau. The Minister opened, and his words were, “When our relations with the U.S. were strained and we did not have drug cooperation going, we asked you to help us on drug control and you did not.” And there was Barrington King from that era who heard that, and we had lost time; we could have taken advantage of this. I mention the Burma story because Burma in the late 1970s was very xenophobic. We did not have warm relations with Burma, but Burma was very concerned about drugs for political reasons. The insurgent groups that were challenging central authority were supporting their efforts by the sale of opium and heroin. So we started our relations with Burma on drug control, and based on that we then had an AID program there, and then we got our military defense people in there, and our relations broadened. Now, that was to take a nosedive later in the ‘80s when the progress toward democracy took a kick, but the example was there. We started out on a motherhood issue that they did not threaten them. They felt that they could still honor their neutralist stance in the world because they were working on something that was transnational.

So in those five years, I think that while we had very few examples of what I would call success in controlling drugs at the source, we had some extremely good successes at drug diplomacy. We went to almost all European capitals in those early years of the ‘80s, and on many occasions, our visits resulted in the first inter-ministerial meetings in those

governments on the drug issue. I will use Paris as an example of the typical occurrence when we would propose to go to Paris. We would tell the Embassy in a cable why we were coming, we would ask them to approach the Foreign Ministry and to say what we wanted to talk about, ask at the highest appropriate level that they convene a meeting of the relevant parts of the French government on health and law enforcement and on judicial matters. Then we would watch with some amusement and see what would unfold. Typically, what would happen would reflect the absence of Embassy contacts on this issue. The embassy would convey the request to the Foreign Ministry. I could imagine the Ministry saying, "Hmmm, drugs, what are we going to do about this?" Well, there are international treaties on drugs, so we'll send it to our legal advisor's office. Or there's some international organizations that deal with it, so we'll send it to whatever handles international organizations." What we were trying to do, and we would say this in the cable, was, to meet the equivalent of our Under Secretary for Political Affairs, because we wanted this on the political agenda. And often we had luck on the first meeting, or it took several visits to see this develop. But it was a major success in our drug diplomacy to see that this initiative result in inter-ministerial cooperation in government after government after government, because then we could see the fruit of that in how those governments would improve in their performance on drug control in the various international organizations as well as with us bilaterally.

*Q: I think one of the things you're pointing out is the difficulty in moving you might say traditional diplomacy - human rights is another one of these things. The United States over time has been instigator of putting things because of really domestic pressure, political pressure, but on the international agenda, which benefits all. As you mentioned, like environment and all this, and the United States because of people like yourself pounding on the doors... Well, first you have to win the battle within the Department of State with the other Bureaus, then with your Ambassadors, and then with the foreign governments. But now drugs, the environment, human rights, are all are on everybody's agenda. Most of this started during from the '70s.*

TAYLOR: Late '70s. Human rights earlier, but we on drug control were probably marching about the same time as the environmental issue. You're absolutely right.

Another facet that you would recognize is the difficulty of trying to infuse the Foreign Service as an institution, a career, with these issues. They're seen as confrontational, they tend not to build relations, they tend to create friction in relations. As a bureau, we were having to do battle with single-issue agencies, like the Drug Enforcement Administration, that thought the only thing that merited U.S. attention overseas was drugs. There were people within the State Department that viewed the Narcotics Bureau the same way, that they said those people in INM, all they want is drugs diplomacy. We were, of course, very conscious of that, so the language we used among our own cadre was, "We are arguing for the appropriate position of drugs on that diplomatic menu."

To get on the menu sometimes required that you use some hyperbole; you had to pound a little bit, because we were starting at zero base in many Bureaus. Strangely, the Latin

American Bureau was the hardest one to bring around. I'd say East Asia, Thailand was certainly one of the earliest ones, and Burma; the Pakistan experience I've already recounted. Europe because it was one of more international cooperation than domestic programs, wasn't that difficult. I got to know a lot of my colleagues in my travel to some 60+ countries. One was my now Foreign Service icon George Vest when he was Ambassador to EC. I remember calling on him in Brussels and his rather quixotic approach: "Now, what is this, Clyde, narcotics?" And he'd already been scratching his head as to where he could send me within the Brussels bureaucracy, and yes, there were some nascent positions within the EC on this issue. But he'd given it some good thought before we met. Later, in 1984, the Director of the UN Fund for Drug Control and I did a half-day seminar with the Parliament of Europe at Strasbourg, on the coming cocaine crisis that was well received. These were the kinds of things we were doing. As I was leaving the Bureau in 1985, we put together a truth squad on cocaine that included people from the National Institute of Drug Abuse, from the Justice Department, a highly articulate reformed addict and a policy person from State, to travel European capitols to warn them about cocaine, which was in those days barely known. It had been popularized by Freud, and then gone through cycles of use, and then it was not appreciated as a current danger.

But we went through, and continue to go through, real difficulties in coming up with an effective drug control strategy on the international side. The debate always has been over where you put your emphasis. Do you try to control it at the source, on drugs that are grown, like marijuana and cocaine from the coca plant, and heroin from the opium poppy? Do you emphasize that over interdiction? Or do you just put your major efforts on our border, forgetting the transit countries. Do you also try to control demand, on treatment rehabilitation? Do you try to do work all aspects? Our difficulty being from the State Department is that by our jurisdiction we were dealing with the external side of the equation, which meant that in many discussions the first thing we were rebutted with was, "Well, demand is one side of the equation. If you didn't demand it, there wouldn't be a supply." And of course one could argue that if you didn't have the temptation, the supply, you wouldn't have the person using it. And those arguments wouldn't get you anywhere, so we tried to move along by saying, "You're absolutely right, we need and we're trying to address the demand side."

It was difficult in the early '80s when in Florida the judicial system would not prosecute anyone who was apprehended with less than 1,000 pounds of marijuana. When sales of drugs in Central Park in New York City were occurring uninhibited, and still into the '80s the State of Alaska had legalized marijuana. I mean, we had some real well known problems in our own society that violated international treaties, that we had to confront as we went out and were sort of missionaries on this new gospel of drug control.

What further influenced the basic analysis was the fact that if you attacked the drugs at the source it was the most efficient and cost effective thing to do, because at each stage the drug acquired exponentially a higher value. For example, from a value of \$40 a kilo for opium gum at the source in northern Thailand, or \$400 for 10 kilos, when it was

reduced 10 kilos to one kilo of refined heroin, it would be worth maybe \$200,000. By the time it was cut in the United States, it might be worth \$2-3,000,000. Obviously if you could go at it when it was worth only a couple hundred dollars for 10 kilos, you needed less money, you needed less effort, according to theory. The trouble was that throughout the world where the drug containing plants were grown, this occurred in areas where there was minimal central government control. So in Colombia's coca growing area in the Yanos, we found an area that wasn't even mapped. In Peru it was in the upper jungle area, where the central government had very little control. Certainly in Burma, the opium poppy was harvested into opium in areas that to this day are insurgent areas. So we can sit back here and say these governments ought to do more, but in effect, we're saying this is like Fort Apache in the Bronx; you know, these were areas outside of effective control, and it continues to be that way. It will continue to be a problematic issue. It's clouded in areas of Bolivia and Peru by the fact that you have concurrent illegal and legal regimes. You have regimes in Peru and Bolivia that legalize the coca plant for traditional mastication, chewing, and so you have licensed cultivators, a licensed market, coexisting with what are large illegal markets. Not surprisingly, the attack on the illegal is exploited by the traffickers to be an attack on the traditional and legal coca. In Bolivia we saw a very professional feature film, shown in the theaters, that was based on the thesis "Coca, Our Gift from God." In the movie they spliced in scenes of the U.S. spreading napalm in Vietnam and said that's what we propose to do in Bolivia with herbicides, and that this would destroy not only their God-given plant and treasure, but it would kill people and edible crops. Thus we were up against some very difficult things, and continue to be in countries like Peru and Bolivia.

*Q: I haven't finished, but there's an interview with Ed Rowell, who was Ambassador in Bolivia and dealing with this problem.*

*Well, could you talk just a bit before we leave this about you said ARA, the American Republics, which is a big source of cocaine, that they were the hardest Bureau to deal with. Why?*

TAYLOR: It took the longest to get this issue grafted into their own policy agenda; I'm just speaking relative to other Bureaus. East Asia was probably the first success story, and certainly within very early in the 1980s we had that situation I described, where at the Country Desk, Director and DAS levels, they were carrying the gospel on drug control. They knew that it was an ingredient of our relations with Thailand and Malaysia and Burma and elsewhere. Second in success was probably Near East Asia where they were prompted by the experience in Pakistan where they got bit badly by ignoring it. The crisis that has continued in the Middle East helped identify it in the Lebanon context because the Bekaa Valley was famous for its hashish, and the Phalangist elements lived off of it.

Latin America resisted the issue for reasons that I can't really explain, but I just recall that we had a major effort, and I as a quasi-member of that ARA club, in overcoming resistance time and again in our efforts to get drug control into their talking points, into speeches. The tensions would come up as we developed our country strategies, and had to

deal with the Latin American Bureau offices. True, some programs of drug control and enforcement assistance were in place in the early '80s, much due to the efforts of my predecessor Ambassador Ed Corr, who became ambassador first to Peru and then Bolivia. So certainly by the '83-'84-'85 we were getting much better cooperation. Fred Rondon, as the Andean Country Director, was one of the early and very cooperative senior officers, and he went on to be Ambassador to Ecuador.

The other effort we had that was difficult but successful, that was getting other government agencies involved. You would find enormous resistance on the part of AID to paying attention to the narcotics issue; to them it represented having another political issue as a drag on developmental programs. We would argue the very simple kind of case, you know, if you're going to build a dam, you would not ignore what would happen to the water upstream to where you plan to put that dam. You would make a condition to your loan agreement that would assure that water would reach that dam, you would also probably have conditions on there as to what would happen to the water that was dammed once it got there. You don't call that interference in internal affairs; those are reasonable conditions. If you are doing an integrated rural development program or an agriculture development program and you find that opium cultivation is occurring there, not only would that have a negative consequence on that society in terms of addiction, but in the potential for international trafficking, but the knowledge that that is occurring in your project area could jeopardize your entire program there with the Congress or with the public; it's silly to ignore it. So they developed what was called "the Poppy Clause," which became a standard feature in all of the AID programs, which said that no funds, no benefits from this program, nothing in the project area could be used for, or aid and abet, the drug business. And then we had to often work with AID to see that there was monitoring of this, because we would often learn about violations of these clauses.

So we worked a lot with AID and we finally reached the point where AID would in effect establish a portion of their funds in a country to go into more specifically into narcotics assistance, because we had a small budget in INM. When I left in the mid-'80s it was only about \$42 million, I think, so we couldn't run large programs that would provide alternative sources of income in areas that had traditionally depended upon the opium poppy or coca. We were reliant on AID to be a partner.

Other agencies, of course, USIA; they became a very significant contributor to this policy, because they would develop films, they would work with the Educational Ministries on sensitivities on the dangers of drugs, on prevention. We would work with Ministries of Health and AID, and USIA would help with that as well. We started working with international organizations. I remember doing a first agreement with the OAS, the Organization of American States, where we paid for an epidemiologist from the National Institute of Drug Abuse to help them start a program that gave assistance to governments in Latin America on epidemiology so they would be able to have surveys to understand the extent of their problem. So HHS was another agency involved.

Then we got into the intelligence agencies and the military agencies, and we all know

where that has developed. I mean, the major activity of SOUTHCOM in Panama really is on the drug problem, and we've just seen where the CINC of that area, General McCaffrey, has now become the drug czar. But in the early days, the military were highly resistant to this; it rang of violating the old posse comitatus, putting them into the proscribed area of civilian enforcement.

INR's Jon Wiant and I made the early calls on the Defense Intelligence Agency, trying to convince them that this was a legitimate issue in defense intelligence and in the contacts that they would maintain. We argued that in so many countries corruption in the military and attitudes in the military were critical to whether or not there would be political will on the part of the government to do something about illegal drugs.

We had a long history with CIA; they had in earlier years been involved in both tactical and strategic intelligence on the drug issue. Then, as DEA developed their overseas presence doing both enforcement and intelligence work, a need emerged for some demarcation of jurisdiction and cooperation that was identified in a Memo of Understanding between the agencies whereby CIA would stay with strategic side and DEA would handle the tactical, and there would be exchanges of information. That sounds neater, of course, than it has worked out.

NSA got into this issue as well, as they collected information. The continuing problem, of course, is how can you collect things that require the protective sources and methods, and yet use that information in the enforcement area, which is then subject to discovery as it goes to court and then can compromise sources and methods. So these issues continue to be worked on, and you sanitize your intelligence, you work out; if there's good will, you can make these things work. And State's Narcotics Bureau has been the central point for seeing that these U.S. government agencies work together. In countries where the drug issue is important, the DCM is the Narcotics Coordinator, and the DCM is the one who is charged with seeing that the agencies in that Mission work together and not pull apart.

So I found that those five years were in some respects the pinnacle of using and testing the breadth of abilities. Economic, because every country I worked in I wanted to understand the economic elements and trends. Political, you had to know what was happening politically internally, their regional politics, how they related to international organizations, definitely their relationship with us. What other flags would be useful to achieve cooperation? By that I mean if we come into a Latin American country alone and they cooperate, they often have a problem of perception in that they are seen as bowing to Uncle Sam's pressures, but if we can get the Italians in there with us, and the UN in there with us, it makes it much easier; again, international cooperation became a very important element. The ability to negotiate all these project agreements that require that they make certain performance measures in order to get the assistance. Working on new international treaties in the UN system, drug diplomacy I mentioned, the interagency activity, and then enormous efforts on the Hill.

I remember answering a question from the Congressional Affairs Office in State in

somewhere around '83 or so. We identified more man-years full-time on drugs on the Hill than we had in our Bureau. It was true even if we added those in the regional and IO Bureaus and INR. We had a heavy Congressional relationship, did a lot of testifying, a lot of responding to mail.

I look at that experience as an exciting one. Yes, I was committed to the drug issue, but far beyond that, it was a fascinating diplomatic experience in terms of using all those different skills one tries to develop in the Foreign Service.

*Q: Well, you left the Narcotics Bureau in 1985, and whither?*

TAYLOR: Well, at that point I had been the Acting Assistant Secretary for about five months, there was another transition in the political leadership. We always had political Assistant Secretaries, and because I'd been there as a DAS for so long, Ron Spiers, George Vest, others wanted to see me as an Ambassador. They were also paying attention to the fact that the senior officers of functional Bureaus were not getting very many embassies, and I benefitted from that. Due to their effort, I was named State's candidate for Paraguay. It took about eight or nine months to get confirmed, because I was replacing Art Davis, a very fine person, but he was a protégé of Joe Coors and Jesse Helms. The Department had made a major effort to confirm Roz Ridgeway as Assistant Secretary of European Affairs that year, and she was being blocked by Jesse Helms. In a rather typical maneuver on his part, he leveraged Secretary Shultz into agreeing to provide follow-on assignments to five of his political ambassador protégés in exchange for his removing his hold on Roz Ridgeway's nomination. Art Davis, who was then the Ambassador in Paraguay, was one of those five. And what it meant was that I could not be moved along in the confirmation process until they found another job for Art Davis.

*Q: Was Art Davis a professional Foreign Service Officer?*

TAYLOR: No, all five of these were political appointees. Another one was the Ambassador to Montevideo, and so it went. As my name would move to another point on the confirmation pilgrimage, they would look for a job for Art Davis, and if they didn't have one, my name would just sit. Thus, while I started the process in February, I didn't get all the clearances until about August, at which point they sort of satisfied Senator Helms's office by saying that Art Davis would be in charge of the Latin American portfolio at the UN General Assembly that fall. By then I'd missed the hearings before the August recess, and they said I would be taken early in September. But I didn't get a hearing until October 26. I was getting briefings around town on Paraguay at that point, even though I managed to stay in my DAS job until August. I had over 100 appointments on Paraguay, so I felt very well prepared by the time I got there.

*Q: Could you explain a bit about Jesse Helms first? He's an important figure in the Foreign Affairs process, particularly for Latin America. How he was perceived at this time, '85?*

TAYLOR: Democrats were in charge of the Senate; Claiborne Pell was the official chair of the Foreign Relations Committee, but Jesse Helms was almost a de facto chair; he worked his will when he wanted to.

*Q: Republican from North Carolina.*

TAYLOR: He certainly exercised his will in Latin America. There was a staffer on his staff by the name of Debbie DeMoss, and she traveled all over the hemisphere, and I remember her calling me within weeks after I had been picked by the Deputy Secretary's committee to be the Department's nominee for Paraguay. I don't think I'd told my mother at that point; I'd told only my wife. And I got this call from Debbie DeMoss on Senator Helms's staff saying, "Well, we're already looking into you because we know you're nominated for Paraguay. Thus far we haven't found anything against you, but we'll be back in touch." Just that kind of a conversation.

*Q: Who is Debbie DeMoss? What was her background?*

TAYLOR: Debbie DeMoss was a young woman who had been on the Senator's staff for some years at this point, speaks Spanish, her portfolio on his staff was Latin America, and in subsequent years she played quite a very big role in monitoring what was happening in Central America, particularly El Salvador. She became a nemesis for a number of Ambassadors.

But typically his staff did not travel under the discipline of the Senate. The Senate has its own rules for registering your intent to travel, gets approval, get notified to the Congressional Affairs Office at State, and then they send out appropriate cables and what have you. Neither the Senator nor the staff, in those days, at least, complied with this, and I doubt if they do today. So you would learn by the rumor mill that the Senator was planning to come to your country.

In any event, Lou Tams, who was also one of these Ambassadors that Jesse Helms was looking out for and I had developed a friendship. He'd come out of the NSC, was now the Ambassador in Colombia, and of course, we had a very strong relationship with him because we had drug control programs there. Lou at this point had finished his assignment there and had picked up this second assignment, and he was now in Costa Rica. He was very helpful in putting in a good word with Jesse Helms's office on my behalf.

*Q: So we'll pick this up next time. You're going to Paraguay in 1985.*

\*\*\*

*Today is March 21, 1996. All right, so Paraguay, 1986?*

TAYLOR: 1985. I arrived in the first days of November. Stroessner's birthday was

imminent and the Palace wanted to schedule my presentation of credentials quickly so I could participate in the birthday events.

*Q: Stroessner being...*

TAYLOR: Alfredo Stroessner was, I think, completing his 32<sup>nd</sup> year as El Maximo, the military-political president of Paraguay. I presented my credentials with a lot of ceremony and protocol, which is customary in small countries that compensate for other things by emphasizing formalities. I had already been told that I had the largest pictures to date of an arrival on the front pages of the newspapers. Again, that had a lot to do with the Palace, because although there was limited free press, there was a strong influence from the Palace. They were determined they were going to have an Ambassador they could gain approbation from. I, of course, believe that in the course of representing one's country's interests, if you can develop good relations, that's a nice byproduct, but that is a byproduct, that's not the primary purpose.

Of interest is that I was told very clearly that in the course of presentation of credentials, there would be about a maximum five minute period where you sat next to the President, and this conversation should be limited to pleasantries; and the President would not bring up policy, and neither should I. At the actual event it was not a matter of seconds before the President was complaining about our assistance programs to Bolivia. Bolivia represents their most recent adversary from the War of the Chaco in the '30s, also called the War of Standard Oil. And I tried to not answer, to put that off for another time, and said I'd be glad to discuss it, but he fussed at that point about that aid.

Anyway, I started off on a good footing, and that was in the summertime of Paraguay in the Southern Cone. I adopted an approach to establish a footing that had served me well as an Economic Officer. In advance of coming, I'd asked my deputy, the DCM, to identify key interest groups, key personalities, associations, that I should call on. During that summer I would dedicate myself probably half time to doing these calls to establish contacts, understand the lay of the land, and give people a chance to get to know me, but also to take whatever measure of me they wanted to make. Well, apparently nothing like this had ever happened before in Paraguay. I would make an appointment, let's say with the manufacturers' association, and I'd ask to call on the General Director or the President. I would explain very carefully, or my Social Secretary would, that this was just a protocollary call, I didn't have an agenda. After about the first day of this, I started finding the entire Board of Directors of these organizations there, and a healthy representation of the press. While I never encouraged this, it became somewhat of a media event. I kept trying to make it low-key, and I didn't want to build expectations that I was coming there with some new largesse or what have you. But this went on for about six weeks.

The time came to face the question of meeting with either the patsy opposition parties, which I did, and then to meet with the one party that was truly opposition, that served purposes of the government because they could say, "We really have an opposition

party.” That party used its legal status to associate itself with three other parties that were not legal, but whose leadership was not rounded up unless they crossed some ill-defined line by the government. This group was called the Acuerdo Nacional (National Accord). So I said, as I did to other parties, “You are welcomed to come to my office, or I’ll go to your office.” And they said, “Well, why don’t you come to our place?” It was called the Casa del Pueblo (House of the People.) And so while I was meeting with the legal opposition party, I was meeting also with this group in the National Accord.

I happened to have met that morning with General (and future President) Rodriguez, head of the Army's Corps One. It happened to come up that I was having that meeting with the Acuerdo that day; there was nothing secret about it. Well, a firestorm broke out after I’d had that meeting, and some things began to turn. This was a country that had never enjoyed democracy, a country similar to many in the Third World where you are known by your family's political affiliation, e.g. whether or not you’re a Liberal or a Colorado/Red Party, which was President Stroessner's party. You were either known as being for the government or against the government, which made the role of a diplomat like that of journalist, politicized, since there is no room in the middle for an objective stance. Despite efforts to convince people it was part of my writ, part of my instruction, to meet with opposition parties, and that my predecessors had also done that, it was a constant basis for irritation, at least as the government saw it.

U.S. policies toward Paraguay and Chile in those years, in the mid-’80s, played out a purpose for the Administration of President Reagan. The Administration was under criticism for its policies toward Central America. Some, certainly some in the Democrat Party, faulted the White House for not being as strong on human rights as it should be, rather that it was reinforcing some military regimes in Central America. Remember, that was the period of the mining of the harbors off of Nicaragua.

*Q: Yes. Was Jeane Kirkpatrick still in the Cabinet?*

TAYLOR: Jeane Kirkpatrick was in the United Nations Mission. She was part of the backdrop in my going to Paraguay. She had gone through the Southern Cone during the transition to the Reagan Administration, and I had seen reports that she had told the Argentines who were still in their dirty war period and Pinochet operating in Chile, "not to worry" about the Reagan Administration's policies. I remember she espoused this policy that authoritarian regimes should be accorded a more benign approach, even a favorable approach in our policies, as long as they weren’t totalitarian, because an authoritarian regime, as long as they were anti-Communist, could be wooed into democracy and to support our positions.

Well, Paraguay clearly fit the mold of an authoritarian regime. There was a good deal of freedom, certainly of movement, of religion, of job mobility, things like this, but it was definitely authoritarian. So there was this policy confusion at the time. As it turned out, however, and under Secretary Shultz and Assistant Secretary Elliot Abrams, Paraguay and Chile, were clearly labeled authoritarian regimes. We, Ambassador Harry Barnes in

Santiago and I, were under instructions to aid and abet the development of democracy, to be very alert to human rights abuses, to offer within our normal historic bounds of prudence encouragement to those who were trying to open up a pluralistic society, and to use some of our organizations, such as both the Democrat and Republican Institutes, the National Endowment for Democracy, and other apolitical organizations, to maintain and develop our ties.

This situation, I think at least as far as Paraguay, meant that not only owing to being a country where we had no strategic interest, but because of what I just said about the need for policy balance, gave the Ambassador in Asuncion a lot of discretion. It meant that he or she could put a lot of personal stamp on how they implemented policy. It was interesting that because of the campaigns against our policies in the Paraguayan press, one would think that I did a major job of public diplomacy. I don't personally view it that way. Only toward the end of my three years, after the Palace had successfully jammed the major radio station, which of course they had licensed, and Assistant Secretary Elliott Abrams had called in the Paraguayan Ambassador in Washington and read the riot act and there had been a number of approaches in the OAS and the UN on this, did I speak out locally and that was to quote the exact statement of Elliott Abrams. That was the only time that I went on record with direct criticism. Now, clearly, in talking with people, it wasn't hard to infer criticism of the nature of the government and even specific situations such as denials of human rights. Nonetheless, what happened on at least five occasions within those three years was that in response - in four cases, in response to times when Secretary Shultz or President Reagan in speeches listed Paraguay as a military or non-democratic state, (such as in UN speeches or congressional testimony), the Palace would issue an attack against the American Ambassador, yours truly. And this attack would go on for a minimum a week and as long as 13 days, I remember. You have to live there to appreciate it. It was seen in the headlines in all the dailies. It stirred up people to call for my being declared persona non grata, screaming accusations of interference in internal affairs, this kind of thing. And also, they would rehash false accusations that I was spending all my time with the opposition, etc.

This started an interesting cycle each time, that was so predictable it was a bit amusing. The diplomatic corps, these opposition groups, or just middle of the road decent people would besiege the Embassy with expressions of support; the Spanish word is to make you solid with the person. And since they listened in on the phone calls to the Embassy, my private and general lines, they knew all this. And it was the unusual Latin American ambassador who didn't call to offer support, and they knew, of course, that they could be overheard. When I thought that the Palace's attack had pretty much run its course, I would usually pick up the phone and call the Minister of Interior Montanaro, who was also the President of the Colorado Party, and the most quoted in the attacks. I would say, this was almost like a regular programmed routine. I would say, "Mr. Minister, it seems that your government's trying to have conversation with us through the newspapers; wouldn't it be better if we spoke together." It never failed that he was cordial in his response, we would have an immediate appointment, we would have a cordial meeting and we would air things. It was really amusing. As I say, the one time out of the five when it was stimulated

by a local event was when I made the statement about the jamming of the radio station.

*Q: Whose radio station was this?*

TAYLOR: This was a private radio station that was based on a U.S. model. The owner had gone to the States and picked up the whole concept of call-in talk shows and successfully adopted it. The station was called “Nanduti,” a word from the local language, Guarani, and it was the most popular radio station in the country. Now the jamming of that, just like the closure of the newspaper ABC Color, during Ambassador Davis' time, became two of the most prominent cause celebres of the Interamerican Press Association. It kept Paraguay on that agenda, on the UN human rights agenda, on the OAS human rights agenda, all the time. But the regime being, during my three years in its 33<sup>rd</sup> to 35<sup>th</sup> years, had really become intolerant of criticism. If they could not control events, they lashed out.

I remember one accomplishment in many efforts to try to improve things. At a reception at my Residence, the person in charge of press/public affairs at the Palace was there, Anibal Fernandez, and Foreign Minister Carlos Saldivar were there. Something that had just happened to a visiting journalist occasioned a discussion. I asked them, “Are you aware that you are doing something that is unique in the world? Not even communist countries do it.” Now, this was a regime that prided itself on being more anti-communist than any, and so I got their attention, and they said, “What’s that?” I said, “Well, you require any visiting journalist to give up all their equipment, cameras, whatever, at the airport, and to retrieve them down at the press office at the Palace, and be fingerprinted.” And I said, “I’ve checked, and I know of no place in the world where they fingerprint visiting journalists.” I said, “Doesn’t it strike you as incongruous that these journalists, even if they did arrive in an objective frame of mind, would quickly become biased against your government, which is the accusation you always make - that the international press is biased?” It was a good conversation, and it was one of the few times that resulted in a decision. And from that day on, they ceased fingerprinting foreign journalists.

We used to joke often in the Embassy that if the country would spend \$10,000 on a good PR consultant, they could turn their image around, because they did very dumb things.

*Q: Excuse me, but before you went, had you, given that Stroessner had been around throughout the career of just everybody in the Foreign Service by this time, were you given sort of briefings, or about people who had served in Paraguay, not necessarily ambassadors, but former ambassadors, anyway, about the guy and how he was seen and how to work with him?*

TAYLOR: Well, because of this long time that it took to be cleared and confirmed, I had an unusual opportunity to meet with people. A key former ambassador who was very helpful was George Landau. I’d also met with Bob White who’d been ambassador before Art Davis. Of course I met with Davis, who was still the incumbent ambassador, several times when he was in Washington, a number of former employees. There was one former

Embassy Asuncion officer in my office in the Narcotics Bureau. They all told me about the uniqueness of the Paraguayan people, the beautiful things, the maybe strange things, because it's very landlocked and tends to have some excessive areas of pride and obsession with its history.

I loved the personality of the Paraguayan people, I thought that for a country that would have many reasons to have some complexes, they were rather complex-free. I mean, they didn't have inferiority complexes, they didn't seem to have a superiority complex, they certainly had a sense of revanchism when it came to Bolivia; they always saw the Bolis, as they called them, hiding in the bushes ready to take their land.

Anecdotally, there's a funny story on that. I kept hearing stories about the Bolis as I was being indoctrinated by my new Paraguayan friends, and they were talking as if the Bolivians were mounting an army, an invasion any moment. And so one time I heard it from a very senior person that the Bolivians still in their official maps defined the area of the Chaco, which was under international recognition a part of Paraguay, as disputed territory. And I thought I would call their bluff, so I sent a cable up to the Embassy in La Paz.

*Q: Who was the ambassador then?*

TAYLOR: I can't remember.

*Q: It wasn't Ed Rowell, was it?*

TAYLOR: No, he came later. And I asked them to check this out. Well, back came the Defense Attaché saying that in the defense schools, all the maps showed the Paraguayan Chaco as disputed territory. What do they say, "Even the paranoid have enemies?"

Probably the outstanding characteristic of the Paraguayan is that they were captive of their history. I remember a clear example when I called on the head of a steel mill that was being built; it was destined to be a white elephant. (When Stroessner fell, it became a big issue, because the government had squandered about a half a billion dollars on this.) Anyway, I remember meeting with the head of the steel mill. I wanted to find out, really, about the steel mill. Instead, for one hour I sat and listened to his rendition of Paraguay's history. This to some extent is what I heard everywhere. It wouldn't matter if I was calling on a pharmaceutical manager, government official, educator, whatever, I would hear Paraguayan history, because, obviously, it's unique, no one else has the same one, and it is a peculiar history.

Here's a country that under Solano Lopez, the first dictator in the mid-1800s, acquired a storehouse of gold, much like Peron did after profiting from World War II. And so Paraguay equipped itself rather magnificently to the point that at the time our Civil War was winding down, it was engaged in the War of the Triple Alliance, from I believe 1865 to 1870. Seen as rather incredulous now, and perhaps then, Paraguay simultaneously took

on Brazil, Uruguay, and Argentina, and Paraguay came within a whisker of winning. And had they cut their losses several times during that five year war, they would have ended up with a rather huge piece of territory, but he Solano Lopez wouldn't quit. Notable in the devastating results was that Paraguay was left at war's end with something on the order of between 10 and 20 thousand males of all ages. So you can see there's some justification to a sense of being captive to history. The War of the Chaco, one fought for three years with Bolivia in the 1930s likewise was a very hemorrhaging war.

What made serving there so interesting, as I say, was not current U.S. national interests, but the fact that we'd had such a large hand in their history. We were the mediators in both of those wars, the Triple Alliance and the Chaco War. Rutherford B. Hayes, a president who is frequently overlooked in our history, signed the one-page arbitration that ended the dispute over the Chaco, an area equal to about the size of Oregon. There's a department in the Chaco, which is an area equal to about the size of Oregon, that's named Departamento Rutherford B. Hayes, and you pronounce that in Spanish, of course they don't say the "Ah." It comes out "Ayes." I recall when I made visited the department capital and called on the governor. In preparation, I went to USIS and said, "You don't happen to have a picture at all of President Hayes, do you?" Well, they had a negative. We blew it up and framed it ready for presentation to the governor. Coincidentally, the wife and children of Ambassador Sotirhos, who was serving in Jamaica and with whom I had been in the ambassadorial seminar and all the Senate confirmation, were visiting us. Traveling with them was their son's academy roommate, who just happened to be Rutherford B. Hayes the what, the eighth? Well, I had this young man and these houseguests in tow when we went out across the Paraguay River to the Hayes Department and presented the picture. The Paraguayans were dumbfounded to actually see flesh and blood of this young man who was Rutherford B. Hayes the whatever.

But the U.S. not only arbitrated these two wars, but in the period after World War II, up into the 1970s, over \$200,000,000 worth of aid to that country. That was a country in those days of 2+ million people, it was only 4.2 million when I was there. There was not an area in the social or physical infrastructure where we didn't play a significant, if not innovative role; by innovative I mean starting a public health program, starting potable water; it's a fascinating history. And in the third year of my time there, we sprung a few dollars and had a contract done to write up that history. The product documented well this terrific legacy of human and resource investment that was worth telling.

I feel comfortable in saying that certainly when I was there - it may have changed somewhat since - it was the most pro-American society maybe in the world, but certainly, in this hemisphere. This presented problems to the Palace, because the Palace felt that the U.S. had stigmatized them, had relegated them to pariah status. Of course Stroessner had not had a Head of State visit for 10 years, when the Pope visited as the first Head of State. They desperately wanted approbation from any country, and so they would go at this issue that we had abandoned them, a faithful friend. They would recall that they had been with us in the Dominican Republic intervention, had voted with us in the UN, etc., and yet we had abandoned them. Often they would add that they were willing to send troops to join

us in the Central American war if we would but ask. Of course, in speeches I could point out that we were in fact giving them more in real dollars via the multilateral banks than we used to in bilateral, and that assistance via multilateral organizations wasn't conditional as it likely would be bilaterally, as in the case of Bolivia, conditional on performance on narcotics control or something.

Anyway, it was a legacy that was fun to enjoy, because you had this dichotomous situation where, even at the National University, and certainly in the streets and the countryside, the American Embassy and the American people were really loved. And the Palace had this real dilemma, because they were trying to convince the people that the U.S. had sinned in abandoning them in the sense that we didn't give them approbation.

So our goal was to try and build for the future, for the post-Stroessner period, to try and uphold principles of pluralism, civil rights, and democracy, yet maintain correct relations so we could have access. I made a special effort to develop apolitical vehicles to accomplish these goals. We expanded the Peace Corps. Whereas in most countries the U.S. binational cultural centers (BNCs) were fading out, we saw ours as being good vehicles for getting the American message across.

*Q: Binational centers being mainly...*

TAYLOR: Cultural centers.

*Q: Cultural centers, but a big effort is made to teach English, isn't it?*

TAYLOR: English teaching, yes, but they have active libraries and provide a platform for speakers from the States as well as artistic and musical events. During the time we were there we had the bicentennial of the American Constitution; it provided an almost sacrosanct platform for doing things that otherwise the government would be comfortable to control or even shut down. If you say you're inviting a constitutional expert to speak on the Bill of Rights, how can they say no, and it's hard for them not to let someone from the National University, which is under the control of the ruling party, to be on the forum of lawyers in that seminar. So we got a lot of good mileage out of the bicentennial of the U.S. Constitution.

Well, in any event, we rejuvenated a second BNC and had a third one begun while we were there. We authorized the increase of the Peace Corps up to 200; it was about 110 when I was there, it was about 150-160 when I left.

And then another program that was fascinating, that continues, is the Partners of the Americas. President Kennedy started this also during the Peace Corps era. U.S. states have partnerships with countries in Latin America. And it was Kansas that had the partnership with Paraguay. There was a very strong program, everything from musical exchanges, ceramic techniques, Special Olympics, agriculture, you name it. The five or so Kansas state universities gave Paraguayan students state tuition rates, resident rates. Thus,

we would have at any given time two to three dozen Paraguayans in college or grad school there; a very good program. My wife and I were guests in Kansas of the Partners Committee and met with the governor, university presidents, several mayors, civic leaders and businessmen - all committed to the partnership program with Paraguay.

So there was plenty to do, even though we didn't have big trade or many other policy issues. We had the narcotics issue to work on, certainly, because it was a transit country for drugs and chemicals used in drug processing. It was also a country where there was a lot of laundering of money. We bordered Bolivia, so both Argentina and Paraguay got a lot of the overflow of its drug trade.

I guess it was in the last year I was there, early 1988, there was a major political development in that the mainline, relatively moderate (less authoritarian) element of the long-ruling Colorado party, the "tradicionalistas," was ousted through illegal maneuverings by the militant ("militante") circle around Stroessner. They were concerned that Stroessner, who was in his late 70s, have a desired successor. They felt they had to make plans to ensure that his son, Gustavo, then a lieutenant colonel in the Army and not endowed with great talent, would somehow be promoted and be ready to succeed his father if something happened. So they did what we call in Spanish an "entraco," a seizure of the party. They told all their precinct chiefs that they better either pledge themselves to the new militant leadership or they were out of the good graces of the party. And in Paraguay, you didn't go to the local office of the Ministry of Education or Public Works or Health if you wanted things, you went to the Party headquarters. So this threat created major turmoil in the Party. It meant that in the last year I was there, when the militants were in charge, that things were even more difficult.

Having said all that, when I left, I was given farewells (despedidas) by all five factions of the Colorado Party, including the "militantes," as well as by other opposition party, which I like to see as some documentation that I had maintained access and correct relations with everybody. I also had fun as I left in being able to give the product of that history of U.S. and Paraguayan cooperation through foreign assistance, to the new "militante" Foreign Minister and to the President.

So when we left, we felt that we had, taking into account the rather complicated environment, accomplished our goals of encouraging and supporting those who were being courageous in the human rights/civil rights area, building the apolitical programs, defending our interests, advancing the narcotics questions and the like. Oh, yes, we got the DEA office reinstated. And, although it was a turbulent period, I took with me and continue to have some terrific friendships. President Stroessner was overthrown three months after I left, and the subsequent Congress invited me to come back, sent me a beautiful letter, so it was, I still have very good feelings about that country.

*Q: Well, did you have much contact with Stroessner, or was he removed because of age and because of his own style or something. Did one see him much?*

TAYLOR: You recall I said that they wanted very much to have approbation, so early on, they invited me to accompany the President on various ribbon-cutting ceremonies. My predecessors had given me a heads up on this, warning me that the Palace would try to get the U.S. Ambassador in a role of approving the Presidency. I accepted an early invitation to one of these, and then I only accepted other ones if I knew that other members of the Diplomatic Corps were invited. But the singular invitations I didn't accept anymore.

I saw the President on several calls, certainly, in my period, but he did not see many ambassadors and our policy towards Paraguay of course did not enhance nor call for casual personal contact. My military chief would have seen him more, because every Wednesday he held court with the military hierarchy in his role as Commander-in-Chief, wearing his uniform. This meeting, in the Chief of Staff's offices, included the Defense Attachés and the military assistance (U.S. Office of Defense Cooperation) chiefs in those missions that had them, and his generals. He was much more available to the military than to the Diplomatic Corps. He was a micro-manager on the military side; they said he knew when a shipment of fuel moved to a fort, a small shipment of munitions moved; he knew the inventory of munitions at each fort. He could control factions, and he controlled the promotions of all officers from second lieutenant on up.

But I had scores of meetings with the Foreign Minister, and with other ministers, and in the most difficult times, I maintained contact with the Head of the Supreme Court. It was a period where we had constant dialogue. But the Palace would go through hot and cold cycles on relations with my embassy. We would learn that the Palace had put out the word that cabinet members can't come to your receptions, and that might last for a couple of months, and then they would be back. One of the things I worked on before I went there was to invite the U.S. Military Commander-in-Chief from Panama, the CINC, to visit. That took some effort, because I had to convince Assistant Secretary Abrams that it would be done with the objective of trying to open up a dialogue with the President, because the President respected military much more than civilians. And I had a personal friendship with General Galvin, the CINC, and could assure Abrams that as a well-reputed soldier-diplomat, Galvin would act consistently with U.S. policy. So he visited twice, and they tried to manipulate him both times. I recall the second visit well. When the Palace realized that they weren't going to control the substance of visit, and on the day before the well planned three day visit that included a call on President Stroessner, the President took about five of his cabinet and went (I like to say "fled") to Brazil. That was truly an act of cowardice; he didn't want to hear what he knew that a four-star general from the U.S. was going to tell him. It was all the stranger since Stroessner never left the country.

They also had a very hard time accepting that a four-star general came at the invitation and approval of the American Ambassador and would say things that his civilian bosses approved. This was very difficult for the Paraguayan mind to accept. I also invited Ambassador Vernon (Dick) Walters, who was then U.S. Delegate to the U.N. He had a long, long history with Paraguay from when serving as an Army LTC he was Defense Attaché in Brazil, he'd met President Stroessner. He had maintained acquaintances with

him and other Paraguayans. And as we all know, he has a remarkable memory, which included Paraguay's history and recollection of those who made up Stroessner's circle. My wife, who had been giving a seminar at the Embassy in Buenos Aires, was invited to come with him when he flew to Asuncion. She was amazed, as he would name the islands in the Parana and Paraguay Rivers as they were flying up; the man has an encyclopedic memory for places and names, you name it. He came, and they tried to manipulate his visit by saying that he represented the true U.S. government, but Walters was very clear that in endorsing the President's Ambassador and in also telling Stroessner he had to change, echoing our basic message that instability can result from a resistance to change. (Of course the Palace put out a version of the Walters visit that said he expressed support for Stroessner. In a beautiful development, a Paraguayan journalist caught up with Walters in Europe, mentioned what the Palace said of his visit, and Walters set the record straight. In one of those ironies, the story came out in one of Asuncion's papers.)

"Stability" was a cardinal virtue proclaimed by the Stroessner regime. While the government would say it was a democracy, it really meant when it proclaimed its virtues of "Peace, Prosperity and Tranquility" that it gave what so-called democracies didn't. When I arrived, talk about life in Paraguay after Stroessner was taboo; he was treated as if he were not mortal. And it was easy, in sort of an academic discussion, to point out that a static government that couldn't respond to legitimate change, whether it's technology or what, created a real potential for implosion. And we could say that even though we didn't have strategic interests in the country, we certainly didn't want to see Paraguay becoming an island of instability; it already was host to enough different ill winds. It had a thriving Arab community, and this has occurred in just the last year, when the anti-Semitic bombings in Buenos Aires, those were done by people who were living in Paraguay. So I made these efforts with both the CINC and Dick Walters to get through to Stroessner and his clique, but of them prospered. But at least we could say we tried.

*Q: Were there human rights issues which you could make... In the first place, were you getting information on people who were incarcerated for political purposes, and did you make any effort or were you instructed to make any effort to try to get them out?*

TAYLOR: When my predecessor three times removed, Bob White, took up residence in Paraguay, there were said to be 1200 political prisoners. When he left, the figure was 20. There were several when I was there, but that's all, it was way down. The human rights violations were much more in the area of political association, free press/media, and the judicial process. The latter is still widespread in Latin America where, even apart from police abuse of power/torture, you hold people for years before you bring them to trial. There was torture in Paraguay, but not like there had been, dropping them from planes and putting them in the water tanks and things like this.

Then we had the famous Captain Ortigoza, a long-term political prisoner. The report went out worldwide that he was in sealed, windowless room, and we were able to ascertain that the story wasn't correct. We found ourselves often being used by the European

ambassadors, who were kind of weak-kneed on pursuing human rights cases. I remember particularly one time the Italian ambassador, who was known as a neo-monarchist, had instructions to inquire about this Captain. He was so nervous because he didn't want it to appear to the Stroessner government that he had an interest in human rights issues, that he came to me and wanted all the information he could get from me so he could answer his government.

Another case was when the Italian Government wanted to extradite one of their citizens who was well known as captain of the local aero club and in thick with the Stroessner group and the military. He was alleged to be guilty of a number of crimes including assassination. Knowing that the local ambassador was incompetent, we provided detailed information on this person to our embassy in Rome to give to the Italian government.

Probably my most difficult moment in those three years, though, was in the context of the Haitian crisis, when we suddenly had a desperate need to find a home for Duvalier, "Baby Doc," as we called him.

*Q: The son of "Papa Doc."*

TAYLOR: Yes. The Department identified countries that they thought were potential homes for Baby Doc and sent out very firm instructions. And the instructions were go to the highest level as quickly as possible and make the following points, all of which pointed out the strategic need to get Baby Doc out of Haiti in order to enhance the prospects for Haiti's political change, etc. "You would be a great partner in this effort if you would receive him." Well, I got this message out of the cold, and was appalled. Here I am sitting in a dictatorship under instructions to avoid anything that conveys approval, and consistent with that would be to avoid things that give Stroessner leverage over us, create obligations.

*Q: Yes.*

TAYLOR: And so I got on the secure phone and I inquired about this. I said, "I've been around long enough to know this is not the kind of cable you find as a vehicle for discussion, when told to do it," but I told them I was going to come in with a reclama, and I really wanted them to take it up with Under Secretary Armacost. And so I sent in a reclama; I told them it was highly unlikely the Paraguayans would receive him, if for no other reason than they're very racial society in terms of Blacks and they wouldn't want to take a Black. But in their own funny way, they would also see themselves further poisoned in the eyes of the international community by taking this piece of political garbage.

But my key point was that they could have a political football with this; it would give them the political opportunity to ask, "Well, what are you going to do for us?"

Well, my front office took it up with Armacost and lost. I got a repeat instruction, and so I

went and saw the Foreign Minister and gave it my best. I was so pleased when they came back and said no, they didn't want this political garbage. I was most glad because if they'd have said yes, we could have had a difficult period.

The other very difficult time came in 1988 after one of these Palace-led attacks against me in the press. It involved a group called Women for Democracy that was apolitical, if you can say that in that society. (The two women co-chairs were the sister-in-law of the Foreign Minister, a Colorado, and the wife of a prominent constitutional lawyer, well identified with the Liberal Party.)

I'm describing an incident that was unique; not only my experience, but without doubt in our diplomatic history. This Women for Democracy group, a group patterned very much after Argentina's "consciencia" movement, had seen how the press had been going on for almost two weeks on this attack and decided to host a dinner to honor the American Ambassador and his wife. We were supporting this organization with National Endowment for Democracy money, so we knew the group. And so we got this invitation to go to a very large private home. It was a coat and tie dinner for 300 people.

We accepted the invitation; it was just an "omenaje" dinner, an event honoring us. Well, the dinner was supposed to begin at 7:30, but they asked all the guests to be there at 7:00, and we were supposed to arrive at 7:30. I got a phone call on our own radio system from the DCM who was there with our Embassy personnel, saying, "Got a problem. The National Police have cordoned a six-block area around this private home, and are forbidding anyone except diplomats from entering." There are some European and Latin American diplomats among the 300, but in each case they elected to stay with their Paraguayan friends. And the 300 people are outside this perimeter singing national songs - as happens in many countries, you sing patriotic songs, and you know you can't be charged for that, but everyone knows you're singing it for a different purpose.

So the question was, should we come or not? And we decided it would look very bad if we didn't come, and so we went, and we were allowed through. We got there and found about 30 people in the home, mainly our own Embassy and then those who had been preparing the food. I would say about 30 minutes after we arrived, as we were out in the garden, just sort of near the house and the patio, we smelled some teargas wafting down from where the crowd was, and we're commenting on it. We could hear the grenades exploding. Suddenly, we saw two policemen look over the roughly five-foot wall of this private property, and they lobbed a canister of teargas at us. It landed about three meters from me, very potent, very strong, and we all raced into the house and shut the sliding glass doors.

The hostess was beside herself, because she was very concerned about us. A comical aspect is that she took my wife and me into a very nice library for privacy and comfort. Of course this is a very warm climate, so wanting to make us comfortable, she immediately turned on the air conditioning unit, which of course sucked in the teargas.

The other comical aspect is that I always had bodyguards, and the bodyguard was assigned by the anti-terrorist squad of the National Police. Under the arrangement we provided them training and some equipment, another anomalous relationship we had with the government. And this young man, Rojas, of course had been trained on how to handle teargas. So he was going around helping everyone in the group, putting salt in their nose and then wetting cloths and helping us all, and here it's his government providing all this atmospheric.

We're in the meanwhile on our handheld radios talking to drivers and the embassy home base, trying to determine what to do. Finally, we decided it was okay to leave, so we returned to the Residence, and I called the Foreign Minister from there. I feel convinced that the Foreign Minister did not know anything about this. I had been in his office up to an hour before I left the Residence, and what I learned later was that his sister-in-law had called him while I was there; I remember his taking a call during my call. And that's because she had had the first inkling that they were going to cordon it off. We later learned the exact words of the President's call to the head of the National Police to do this.

Well, I say this is unique because I don't know of another occasion when a head of state has directed that the American Ambassador accredited to him be tear gassed. It is not a record in diplomatic annals that I aspired to, and unfortunately, it began about a seven-week period whereby in an understanding with the Department we agreed that I should only talk to the Foreign Minister until there was an adequate resolution of this act.

Deputy Assistant Secretary Bob Gelbard of our Latin American Affairs Bureau managed this. As most embassies, we had a chance to look at the draft diplomatic notes and protest. I saw earlier drafts but did not see the one that finally went to the Paraguayan Embassy. It demanded the kind of apology that I would have told them you cannot expect from a dictator; you won't get it.

So it held things up for a long time, and when we finally got what we thought was an apology, and publicized it that way, that of course was grinding glass into them, and they denied having made an apology, and we had to sort of proceed on from there. But it resulted in an editorial in the New York Times that highlighted the Paraguayan action and praised our stance for human rights and democracy, and it recognized that it was an unusual thing.

Paraguayans, a number of them, point to that incident and the Pope's visit as being two defining things that showed the weakness of the regime. What happened when the Pope visited is that again they showed their political stupidity by trying at the last minute to change part of the Pope's itinerary. He had decided to meet with some social groups - were groups that the Palace didn't like - and so they tried to change it. The Vatican came back and said if they wanted to change it, the Pope would scratch his visit. Stroessner's crew backed down. But all this got known and it was quite a dust-up.

Also, of course, the Pope's visit advertised the President's own dysfunctional family: he didn't live with his wife, and two sons and a daughter who among them had broken marriages, drug addiction and homosexuality (none of which was accepted in Paraguay). And rumors were rife that the President had fathered scores of children. Some of these features, not surprisingly, were writ large among his cabinet ministers, especially separated or divorced spouses, and this in a country that wouldn't allow divorce. So here on the occasion of the Pope's visit you not only saw the President's family, standing together for the first time that the public could remember at the airport having to face the difficulty of being next to each other and not really knowing how to talk to each other, but then when we were in the palace for a major reception, we saw the Cabinet officers and those heads of state agencies with their wives, who on many occasions they were not living with or were not faithful to, also together on this occasion. So the Pope's visit pushed a lot of hot buttons. I exposed some vulnerability, and at the time it was a regime that was trying to be salvaged by this militant wing of the Colorado Party.

*Q: You left there when?*

TAYLOR: I left the second of September 1988.

*Q: And Stroessner was overthrown...*

TAYLOR: Not yet. Before I left there had been rumors for quite awhile that he had kidney stones, and we heard about enormous pain, reluctance to surgery, etc. He didn't want to go under any surgery as he was fearful of anesthetics, of being out of control. He didn't want to leave the country and yet he didn't have full faith in domestic surgery, so he was a troubled man with this. We'd get stories about enormous pain he was going through and about a planned surgery by an imported surgeon. What was discovered just two weeks, I think, after I left, was that he had prostate cancer. And this was when his mortality really got registered.

We knew that the head of Corps One, Andres Rodriguez, had been at various times plotting a coup. We knew the personalities involved in this. In effect they advanced plans by a couple of years because he was going to do it when Stroessner was a little weaker and older. We'd heard that the group of militants had a five-year plan to move Stroessner's son into the Presidency. They advanced their plans because of the illness of the President, and they started cleaning house by arranging for the retirement of senior military so that the President's son could move up in rank quickly. One of the mistakes they made was to arrange that the General Rodriguez of Corps One, the most powerful general apart from the President, become the Minister of Defense, which was strictly an administrative job. That, if nothing else, fed the coup plans. The coup was planned to occur on a number of different dates, but the President wasn't where he was expected to be, and so it finally didn't happen until sometime in January of 1989.

*Q: Well, what happened to you when you left there in September of '88?*

TAYLOR: I went to the National War College as the Deputy Commandant and International Affairs Advisor.

*Q: You did that from when to when?*

TAYLOR: I was there from summer to summer of '88 to '89. I was assigned there for two years, and I thoroughly enjoyed the year there. The military really know how to treat and use you well; I had a very, very good experience there. I was also Chair of the Department of National Security Policy, which was about 60 percent of the faculty and curriculum. And while I make no pretensions of being an academician, I do like to manage things, and I felt I was helpful to the faculty involved. I tried to get involved in the curriculum syllabi, most evidently by suggesting some of the speakers from throughout the government. But after being there less than a year, the Director General asked me to come over and be head of the Career Development and Assignments for the Foreign Service. I did that for three years.

*Q: So that would be...*

TAYLOR: That would have been from 1989 to 1992.

*Q: Career Development, of course, within the Foreign Service is a much more major thing than it would be in a corporation or something. Basically the State Department's main product is people, so I think we spend more time on people, or we should, anyway, than a normal corporation or probably even other cabinet departments, just because that's what our product is, getting the right people to the right places. What did you do during this period, and what were sort of the issues that you had to deal with?*

TAYLOR: Well, I was asked to take this job by Ambassador George Vest, who had been kept on for five years after mandatory retirement as Director General, and was a friend of mine, and also by Bill Swing, who was his principal Deputy. I failed to anticipate that just after I showed up, both of these officers left. So I didn't have that so-called psychological contract with their successors, Ambassador and Director General Ed Perkins and his principal deputy Ambassador Larry Williamson. They were quite different. Ambassador Perkins came out of South Africa, where he had been highly praised for what he had done there in advancing democracy. He had what I feel were two priorities as Director General. I would call them 1) affirmative action; he was trying to improve the role and percentages of minorities; and then 2) what I would call jointness, and that was to address the real and perceived iniquities of Civil Service by trying to do things in a joint way. In other words, if you could recruit Civil Service and Foreign Service the same way, promote them the same way, assign them the same way, handle their grievances the same way, etc. Ambassador Perkins had his doctorate in Public Administration, knew all the Civil Service laws, but I feel in both of these objectives, he was not successful.

In the area of minority recruitment, he put almost all of his eggs in historically Black colleges.

*Q: Any of us who have been in Recruitment, as I was at one time, know this ain't the place to go.*

TAYLOR: Well, we all shared his goal, even knowing that to try and even have the proportionality of minorities in other professions replicated in the Foreign Service, much less the proportionality of the population in general, was a challenge. Why? Because of all the difficulties that minorities have in the United States, they at least know the U.S. culture and feel more comfortable fighting it here than working in a foreign culture overseas. When it comes to women, I think this is a particularly important factor. But to go to the historically Black colleges (HBCs) and use that as your virtually exclusive recruiting base and to rely on that to get your numbers up, was a real mistake. We have this Diplomat-in-Residence program where we have Foreign Service Officers mostly who have served as Ambassadors spend one year, sometimes two, in a university. They give seminars, but they also, in recent years, have been very active in the recruitment area. We tilted that so that probably 80 percent of the people in this program were in the HBCs or in universities that had a substantial minority population.

Then we assigned a DIR to Spellman/Morehouse.

*Q: This is in Atlanta.*

TAYLOR: And they identified 10 prospects for the Foreign Service exam, and devoted enormous energies to preparing these people for the Foreign Service exam, and not one of them passed the written exam.

*Q: Could you explain the problem with the traditionally (U)...*

TAYLOR: Well, they don't have as strong academic program especially in areas such as international relations. I recall when I came in, it was seldom that you found someone entering the Foreign Service from the South or even the Border States, because they...

*Q: And we're talking about Whites.*

TAYLOR: Yes. Those universities didn't have Departments of International Relations. Well, they not only tended not to have strong academic programs, but the stronger performing minorities, academically speaking, are going to get scholarships, if they need them, or they'll be attracted to your big schools on the West Coast, your Big Ten, your Ivy League schools. If you want to get minorities, sure, you have to compete with the private sector for them. Those who have traveled abroad tend to have maybe the same percentage of exposure to fluency in foreign languages as other recruits might have. You've got to go to your East Coast, Midwest, and West Coast schools, and not just to HBC's.

I know in one year when our paltry recruitment budget was somewhere on the order of

\$70,000, which is what a private corporation might spend on one or two people to recruit, it was all directed to HBCs.

*Q: When I was on the Board of Examiners back in 1975-76, everyone knew that if you wanted to get good Black candidates, the historic Black colleges weren't the place to go, for exactly the reasons you said. And so here we are a decade later, and probably this has been repeated decade after decade; why, was Ambassador Perkins a product of these colleges? Or why was he going through this?*

TAYLOR: He was a product of the University of Maryland, I believe. He did work beyond the HBCs. For example, he encouraged people in the Department or people he'd meet outside the Department to give him names of people who would be able to identify potential recruits. And so he tried through this network to work informally that way. I never had a sense of what this produced.

Another thing that I think hurt our numbers of minority hire had to do with entry salaries. Our junior officer division tracked the entry of new officers and noted that in a period of 18 months we went down from nine percent minority entry to six percent, a one-third drop. That's quite a decline when you're mounted a program to increase the rate. Just after Director General Perkins come on board he twice cut the maximum entry-level salaries. We used to be able to offer a new recruit, who you know can enter up until the age of 60, a salary at the class four Step 10 level, which in my time there was somewhere in the upper \$40,000. As I said, this was lowered in two increments, with the second decrease making the total cut one of \$10,000. Interestingly, USIA stayed with entry-level salaries at the old, higher range.

There were two purposes in doing this: one was to save money, and we did save money. And the other purpose was to lower the average age of the entry; it was thought that if you offered less, you wouldn't tend to get people with as much experience, because they had to meet experience criteria in order to get that higher salary. Well, neither thing happened. The average age didn't change. We did save money, but the minorities went way down. We presented this analysis to the Director General without drawing any kind of clear conclusion. We said that this decline in minority entry occurring after these change in the salary policy raised questions.

Well, the reaction was really surprising. Rather than seeing any possible correlation between the decline in minority entrants and the reduced entry salaries, we got the rhetorical question, "you're not suggesting, are you, that minorities are not patriotic, that they are motivated by money?" That was the reaction. So there may have been some honest differences, also, in the analysis on this, but I think that that was a significant factor, because we were competing for good minorities candidates, with private sector salaries, and if you could only bring them in with some age and experience at around \$35,000, you weren't competitive. So that was one area. The other area was in this area of equality.

I just want to make a comment here for somebody looking at this, maybe when our problems are all over. But the reason we have this emphasis on minorities is to make up for past grievances, because they obviously had been excluded, and so there's a big push on to try to get minorities, but not just within the Foreign Service, but within business, too, and this is of course where we often lose, because it takes a long time to recruit, security background clearance things, plus the salary factor.

Well, we made good progress on improving the numbers in women. I mean, that helps. They will have to flow through the system until we have a much better representation at senior ranks, but we've actually had at least one entry class where they're more women than men. But in general they were up to an average of around 40 percent of new entrants.

*Q: Women have always been educated at practically the same level as men.*

TAYLOR: Now they have higher percentages at universities than men.

The other Director General effort that did not work out well was one that said we're going to break down the barriers between Civil Service and Foreign Service. We're going to do this by making them equal. I argued that we should be concerned about equity here, not equality. What needed to be done in an institution is to determine what roles each personnel system has, find out what is needed in order for the people in the respective personnel system to succeed, and seek to provide it within resources available. So you find out in what areas can Civil Service perform, where have we been overlooking, where we need their presumed continuity. For example, we used to have a Civil Service intern program at State, but it was gone. I had friend in it decades ago. And I kept pushing to get that reinstated.

But instead of that the emphasis was, as I say, on trying to do everything equally. I was told that the ultimate objective was to have Foreign Service and Civil Service paneled for assignments in the panels that had always served the Foreign Service. I pointed out that the position control and current promotions were decentralized for Civil Service, handled by the Bureaus, whereas in Foreign Service, assignments and promotions were centralized, or had been. I was amazed I had to point that out, but you'd have to accomplish a sea change before you could have a situation in which you could even talk about assigning Civil Service centrally.

*Q: And the Civil Service follows the general Civil Service thing, so its position, your rank is because of your position, where for Foreign Service...*

TAYLOR: Well, I pointed out many times, and in writing, that if we went down this path of showing that we could do everything we wanted done for the Civil Service by doing it the way we did it for the Foreign Service, the flip side of that is that you could do everything you needed done for the Foreign Service in ways that conform to Civil Service regulations. And once you've done that, you have then provided everything that many critics on the Hill have argued - that the Foreign Service as a separate personnel system

should not exist. They see us as a spoiled, overpaid group, and we have too much flexibility, etc., etc., and if we pursued this path of just doing jointness, we would clearly demonstrate that we didn't need a separate personnel system.

Now, why do we need a separate personnel system? Not to get into all the details, but when you have a highly decentralized organization like we do, with over 200 posts, and yet a very small operation, you cannot staff with the kind of rigidity that the Civil Service requires, with constraints on where the person can be assigned, in contrast to the Foreign Service requirement of "worldwide availability," and where a person can't be doing a job for more than six months unless their grade conforms to the classified grade of the job. And that's just the beginning; there are a lot of other things that the Foreign Service needs in terms of flexibility that the Civil Service can't give.

So it was a bit frustrating. The basic thing we tried to do reflected our belief that the office that handled career development and assignments was really the gatekeeper for the integrity of the system. The open assignments process had begun about 14 years earlier, in the '70s in response to growing complaints that there was too much cronyism in the system; and it's true, the assignments were done without agendas. They were done literally in a smoke-filled room, as all the rooms were in those days, and if Officer X had his or her eye on a job, hoping they might get a shot at it, they might find out that the job had come available and filled and they never knew about it, because the system was not open; the jobs coming available weren't advertised. So that's why the Department, working with the American Foreign Service Association, developed this system that admittedly is quite complex. It has to be, because it has a lot of checks and balances.

There are three interest groups that are being served in the assignment process: the individual officer, the Bureaus that have to fill their positions, and then State, the institution. And a lot of people forget that the institution has to make certain that they are training people so that 10 years from now they'll have people able to do thus and such. It has to meet certain goals that its personnel policies are aiming toward, including affirmative action, the developing of women, or acquiring a certain number who speak Chinese; these are institutional goals.

So you have three issues, and I thought it was a triumph that in one office, in one system of assignment panels, you could bring those interests to that same table and have them carried out. It wasn't perfect, it wasn't the most efficient, but it's a good system. I mean, if at the end of the day Bureaus say that they didn't get their way, and employees that they didn't always get their way, and the institution saying, well, we're not getting everything we want. On the other hand, you can get people saying...what was it, about 80 percent got one of their top three choices in assignments, many of the Bureaus say, well, we did very well, because they had identified people in advance, asked them to bid on the jobs, and what have you.

And then of course, we were reminded as the personnelists at the time, to keep our eye on those institutional goals. So I felt good that the process did work, and we made clear to

our bosses that discipline would be as good as they would make it, because it's the exception that either makes or breaks the system. When you have a rule about whether or not someone at a certain grade can compete for a job at a higher grade, and it's called a stretch assignment, if that's allowed when it's not needed, rather it's allowed for political purposes because someone's got a senior friend, when that happens, that word gets out, and that erodes the integrity of the system. So that was our constant battle; we didn't want to be institutional ostriches to think that a system could not accommodate the identification of a brilliant officer who was needed in a job but couldn't have it because of his grade five. I mean, there are exceptions that are made for this. But we had to realize that you pay a price for that. So I felt good about the three years there. During that time we had 22 new embassies open, so we had to fill them with existing resources....

*Q: We're talking about 22 embassies after that...*

TAYLOR: ...in the former Soviet Union. Sometimes we had six weeks notice to put a staff in there. There were a number of turbulences in the personnel system during that time. We changed the time in class restrictions and eliminated limited career extensions. We were very conscious of the fact that we were top heavy in the Service, 22 percent were senior officers, and we needed to bring that down.

I'd like to return for a second to recruitment, because that's a problem that still continues. We basically have what is referred to as Resource and Policy Officers in the Foreign Service Officer Corps, roughly 4500 people. And the substantive people are referred to as your Political and Economic and your Resource people, or your Consular, and the Administrative. I don't know why they call Consular Resource since they are programmatic people, but they're handling and supervising a lot of people, that's why I guess it's Resource.

We tried, in response to two major personnel studies, to introduce flexibility into the system, because we recognized there was a lot of rigidity by having these four cones, as we called them, Political, Economic, Administrative, and Consular. We introduced the multi-functional cone, and set down some ground rules as to how you could acquire the multi-functional skill, and that's basically by serving in the other side of the Service for at least one tour, and then you would then gain eligibility to compete for promotion on the multi-functional panel. In other words, you would have two shots at a promotion, because you'd still be competing with the people in your own specialty if you were an Economic Officer, but now if you had done a stint in Program Management, you could also compete in a multi-functional cone.

While that took some of the pressure off the system, it introduced some new inequities. I'm sure some people felt, "Well, the job I'm in ought to be classified multi-functional, and the one someone else is getting credit for shouldn't be." There was some of this as the new system settled down. But that was one effort to try and encourage people to broaden their skills to the extent that any organization you get skills broadened you have an employment base that has greater utility, and you can move people around more easily.

On the recruiting side that relates to this, is that there had been a real loss in recent years in the recruitment of Administrative and Economic Officers, and it continues almost unchanged, although I understand in the last couple of years they have begun to look at it again. There used to be an arrangement between the Economic Bureau and Personnel Recruitment for going to the Economic Departments of your good schools and recruiting for Economic Officers, at the graduate and undergraduate levels. That hasn't been done for years. What we do as a result is spend over a million dollars a year to put about 25-30 officers at the FSO five-four level through a 44-46 week economics course, the purpose of which is really to give them a BA in Economics.

I'm not alone among those who say this is a squandering of resources; we're taking 30 officers out of production, we're spending a million dollars in the training program, when we should be able to go out and... I mean, there are thousands of Americans getting graduate degrees in Economics, and I know that the opportunity to come into the Foreign Service and do Economic work is not well known in academic circles. I don't think we've addressed this.

The same thing has happened in the Administrative area. We used to recruit in the Business Schools, the Management Schools, and a number of our most senior people in that area right now came in that way. They were told when they came in that the apex of your career will be to be a Counselor of Administration in Paris or London or Mexico, and similar jobs back in Washington. We've stopped doing that. So what do we have? We recruit in the notional area of Foreign Policy. People think when they enter they're going to be doing, in effect, political work. And then because we assign them to administrative and consular jobs, the functions in which they've been tenured, we often have very unhappy folk because their motivation for entry into the Foreign Service was to work in "international relations," what they see as diplomacy. So I think these are areas that still have to be addressed, and we have to do a much better job of recruiting, and I think with the trends in our society, with more people getting graduate degrees, with a job market that's relatively soft, that we have a much better chance of getting good people in this area.

*Q: Well, you left this recruitment and career development when?*

TAYLOR: In August of '92.

*Q: And then where?*

TAYLOR: Well, then I was the Deputy Assistant Secretary/Assistant Inspector General for Inspections. And I did that until I retired last October; did that for three years.

*Q: The inspection system has gone through a whole series of changes all the time. Could you tell me how the inspection system worked when you took this job? What were your experiences and perceptions of this?*

TAYLOR: Well, the inspection function in the Department of State is the second oldest in the Federal government; it goes back to 1906. As we moved into the '80s, it became more and more apparent that we were the ugly duckling, the odd agency out, in that we were the only department, apart from the rest of the national security agencies, not under the Inspector General Act. Apart from this realization, a very focused criticism came from Senator Jesse Helms, who was concerned that we were being inspected, audited, evaluated, by ourselves, in that State's traditional inspection service was staffed by Foreign Service Officers and State Department Civil Service people, under Foreign Service leadership, who would do a tour and then revert to their diplomatic career. And quite clearly, that does raise a kind of conflict of interest.

In other words, if I'm being an inspector and I make honest and critical findings on people, that very much could affect my future. Those people could be my next colleagues, they could be on my promotion panel, they could be having a role in my assignments, and I found during the time that I served, even under the new inspection system, that some of the Foreign Service officers, and there's a small minority of them now in the Office of the Inspector General, some of them were constrained from pursuing jobs that they really wanted and were qualified for, because those jobs were in offices and embassies where they had done the inspections and there had been some bruises. So that problem does exist.

So what happened, in about 1987, we came under the Inspector General's Act and the law did not allow the IG to be a Foreign Service Officer. The first independent Inspector General, Sherman Funk, was assigned. The new act also resulted in a more typical Inspector's General Office (OIG), in which the audits was the lead function, and including investigations, and then two functions that are not commonly found in the IG community - an inspection service, which if it exists in other IG may be called evaluations; and a group called Security Oversight, which is unique, and that's...

*Q: That's anti-terrorism sort of thing.*

TAYLOR: Well, no, that is to look at our security standards around the world. It was created in the aftermath of the Sergeant Lonetree incident in Moscow, where our Embassy was compromised and the State Department took heavy criticism that raised the specter of the CIA taking over the entire overseas security function. At that point, Secretary Shultz asked Sherman Funk to come up with a way to satisfy Congress, to satisfy the legitimate concerns of our intelligence community, and have State Department still discharging its foreign affairs responsibility. That's why the Office of Security Oversight was created. It incorporates people from all those agencies in the security function. The OIG is an average size bureau with 230-240 people. The Deputy Inspector General is a Foreign Service Officer, as is the Assistant Inspector General for Inspections, the position I held.

I found that there was still a fairly noticeable cleavage in the organization with those in

the Audit and Investigative functions believing that the Inspection and Security Oversight functions were really sort of bastard children, i.e. we weren't really IG functions, since they didn't exist in other IGs. I think we made a major effort to get these different elements to at least respect each other's roles, because they are as legitimate, at least at State Department, as the traditional Audit and Investigative roles.

I felt I had a very good run with my colleagues, and enjoyed the work. It's a unique IG - I've used this word a lot today, but each time I've been correct, I think - it's unique in that it's the only IG that gets its authority from two different statutes - the IG Act and the Foreign Service Act of 1980. From the latter Act, it gets the unique function or role of having a policy responsibility. We are to ascertain and make recommendations when we find there is a lack of congruity in policy, or that it is an inappropriate policy. And this is a hard thing for...

*Q: We're talking about foreign policy, I mean, vis-a-vis another country, not just policy to see where everybody will pull their window shades down.*

TAYLOR: No, we're not talking about resource policy, we're talking about Foreign Policy, and we have gone to embassies and faulted policy implementation. As part of the inspectors' preparation for an inspection, they identify the existing policies affecting country "X." That includes what is in law, what we have we said to Congress, what has been approved by interagency groups under the NSC, what is contained in Presidential or Secretary of State statements about this country. And then when the inspectors get to an embassy and find, for example, that all the agencies aren't pursuing these policies, we bring that to the attention of our report readers. For example, we found that there were aspects about the way we were doing our assistance program in Egypt that weren't consonant with good policy. Now, for political reasons State decided not to accept those recommendations, but we brought them to light. So it made the job that much more interesting. We know the increasing importance of management issues, but to make certain that management questions, resources, dovetail with your political and policy priorities is much more fun.

*Q: When you talk about policy, obviously you would start working from the Desk and the Bureau and all. Is the Ambassador in Paraguay actually in the Embassy pursuing the idea of human rights, or what have you? In some ways, I would have thought that you'd be treading on a lot of toes. So often embassies just sort of grow, and how they deal with things just sort of grows, and sometimes they drift far apart, and they're far from the Czar, and they have sort of made up their own way of doing things, and there must be a lot of annoyances.*

TAYLOR: It's interesting to try and find the answers to the questions of why are some embassies, even within the same Geographic Bureaus, so apparently resource-deprived, or resource-rich? And often you can find that there was some event that established a new benchmark. It could be that there was an evacuation and when we reestablished relations we did it on a new justification of resources.

In many European embassies, where there has been a continuity of government, there's been a growth of programs, and there's never been one of these events that would have almost the same effect as taking a scalpel, as we did in Paris, when we found a section with 20 political officers. You find massive resources. Why, as I mentioned several tapes ago, when I was in Tehran, did I find I was doing the same economic work as five officers in Caracas back then? Why do those accidents occur? Well, it's quite clear that as we're paying more attention to resource allocation - how do you live with a tighter budget, actually going down in real dollars, we have to not only look to the rational allocation within Bureaus, but among Bureaus. Why are some Bureaus fatter than others? And we also have to say might it not be the case that an Economic Officer in Tokyo or in Bonn is worth maybe more than an embassy in someplace in Africa where we have no interests.

We found in the same inspection cycle a classic case between Consulate General Shenyang in China, with a Consular District of about 130 million people, and Embassy Malabo in an African country with less a half a million people. We found that both embassies, I mean, the Consulate General in one case and the Embassy in Malabo had the same number of American employees and the same number of local national employees, the difference being that in China you had in that one Consular District a potential import from the U.S. of well over \$100 million, identified in reporting; you had some strong interests there. You went to Malabo, where we had...

*Q: Malabo being the capital of what?*

TAYLOR: Equatorial Guinea. You had a...the Peace Corps had been thrown out of the country, terrible relations with the government, a Minister had in effect issued a death threat on the Ambassador, we had including missionaries and everybody else fewer than 50 Americans in country, no trade potential, and no strategic interests. You ask why do you even have an embassy like that in Africa?

So several years ago when we had a cycle with a lot of African inspections, we challenged the National Security Decision Memorandum that was done in the last days of the Bush Administration, which enshrined the doctrine of universality, i.e. that we would have an embassy in every country. And we at least raised as something that should be looked at is whether or not we needed to have the traditional embassy, one with an Ambassador; an Ambassador drives a lot of resources; very expensive. We could have much less than an Ambassador. We could have a couple of officers and have a regionally accredited Ambassador, we've done that before, we had a couple of cases like that, three or four places were covered, I guess, like that in Africa. So that was one. (Note: that country in 2003 had no U.S. embassy and is covered by the Embassy in Yaoundé, Cameroon.)

We also became more and more conscious of the fact that as the Department was trying to reinvent itself under the National Performance Reviews (NPR) Program, that the Inspection Service was one of the few parts of the Department that saw the entire world

in a given year. We didn't inspect everyone in a given year, it took us about four years, but we had follow-up reviews, we had special reasons to go to posts, and when you add then the Security Oversight and the Audits, we had OIG presence all over the world every year.

So one could say that the Foreign Buildings Organization, or the Consular Affairs, other parts of the Department, also had a worldwide view. The difference was that we had it cross-functionally, and we also liked to say we're "objective." We've not out there to just look after the world of Information Management at consular work or buildings maintenance. So we explored ways in which we could make what we were finding useful to senior management. I felt very good that we developed, I think, a properly independent, but collaborative relationship with the Under Secretary of Management. We were able to be observers on a number of committees and task forces in the Department; we sent a number of memoranda to him addressing specific subjects; we'd get into thematic issues where we'd find common problems or common good solutions and we'd bring them to his attention.

One of the things we've done is to identify best practices as well as worst practices, and to advertise them. In fact, since I retired, I came in just this past week and did a best and worst of ambassadors performance on Intelligence Management. Again, that was based on the memoranda that are done by the Inspection Team leaders of every post that they visit where there is an intelligence function. So we're trying to make, again, these findings so they will be used in the Ambassadorial Seminar.

We kept exploring ways where we could enhance good management, enhance good policy implementation, and I think that's what made the job more satisfying than just some sort of green eyeshades operation.

*Q: Obviously, things have to be audited. I mean, there's no doubt about it. But the Department of State is not running, for the most part, large programs that would mean that auditing would be sort of the main function of inspections. It would be an important part, I would think. But one has the feeling that auditing has become such an important part of the inspection process recently, but it's really designed for departments which have a lot more resources to play around with.*

TAYLOR: It's interesting, though, that major changes occur, some of which are very difficult to accept in the State Department, that involve such paltry amounts of money. We just closed 20 posts in order to save \$20 million a year. We squander that amount in a few months in the mistakes we make in the Information Management area, which absorbs hundreds of millions of dollars, as we fund incompatible computer programs and software programs and communications systems. The auditors have documented just tens of millions dollars of waste. We've also documented that in the FBO program, although there have been a lot of improvements.

Before I went into OIG, I would see some audits of functions that I faulted. I found as a

matter of pride among auditors that they were not contaminated by the knowledge of what he's auditing. In other words, they're applying their auditing discipline to the Consular field, or the Medical Office, or to Building Operations, or what have you, but they don't have to know the substance of it. I recall audits going on when I was in Personnel that were really off base because they were operating on erroneous assumptions. The OIG's Auditing function has matured a lot, now that the traditional IG has been in the Department of State for eight years. You find in their organization of about 80 auditors people that are extremely knowledgeable of consular work, on the financial operations of the Department, on commissaries, and the information systems that we have. I think they're making a good contribution to State's overall function.

An area I could mention that got a lot of publicity had to do with a machine-readable visa. Our Consular Bureau was always advertising that this is not a magic black box; it's not labor saving. If it is widely adapted and if the Immigration and Naturalization Service has the corollary equipment domestically to read those visas, it can introduce substantial integrity into our immigration program. But going at it in a very slow way and with the lack of that corollary in INS, it was creating false expectations in the Congress, and we had a lot of distortions in our resource allocation. I think that the Auditing people in OIG did a terrific service in documenting this and frankly, they were critical in getting the Congress to authorize the Department to keep the fees and use the fees to accelerate the machine-readable visa program so it could be installed faster.

It's clear that I gained a respect for the Auditing function, the largest function in the OIG's office. I think there's still a difficulty in grafting the typical OIG function into an institution like the Department. We are like a large law firm. We're not compatible with universal norms, such as auditing norms. And in the investigative office they had a hard time, because they have campaigned, witness the signs all over here in the Foreign Service Institute, "Report Waste, Fraud, and Mismanagement."

*Q: I must say it annoys me every time I see them. I think of people running around in armored cars being threatened by violence, and the war cry of the State Department seems to be "Report Waste, Fraud, and Mismanagement," rather than go out and risk your life for your country. I mean, obviously there are both sides, but that seems to be the easier, that's the main...*

TAYLOR: Well, what one can argue is that if we don't do a good job of keeping to tolerable proportions the waste, fraud and mismanagement that any organization is going to have, if we don't contain that to acceptable levels, and if we don't at least keep those standards up there so people know against what their performance should be judged, then others will do it.

And we have a history of being beat up on the Hill; we're not everybody's most popular Department. And we've had enough cases where there's been Consular fraud, where people take their embassy vehicles home, where they misuse the diplomatic pouch, or in many cases, it's our diplomatic ambassadors who bring in the private sector blurring of

what is official and what's private. So to the extent that we do this and not trample on people's rights, and that's a major effort that I think the IG has tried to have; it performs a good service.

The problem I still have is that these investigations tend to take too long. The justification is that we want to be careful, and we often get involved with other Agencies, which slows us down, but in a career that is so sensitive to promotions and how anything that's hanging over you can affect your assignments, when you have investigations that go on too long you can hurt people. And there's also, I think, in an organization like the Foreign Service, that prides itself on its esprit and on the codes of respect for each other, there's an antipathy toward a system that says if you're not happy with your boss, here's a way you can report on your boss.

And so when the Investigative Function was first established, I remember hearing that there were 125 investigators in the OIG. Well, there are about 30, but to many people, that's 30 too many. The OIG has the "hot line," and it can be misused. If you're not happy with the efficiency report you got - of course you don't need the OIG for that, you can do a complaint through the grievance process. But they're not fools in the Investigative Office of OIG. They have identified people who are habitual whiners and grieverers; they have to give attention to them, but they know how to, you know, they have some people's numbers. It's a pretty good function.

I think when it operates best is when we in the State Department don't diminish its independence, and yet we use it for recognizing the resources that are there and the expertise that's there. In other words, if we use it well, it helps keep us out of trouble; it keeps us honest.

*Q: Well, is there anything else we should mention, or should we...*

TAYLOR: Well, there is one important area we haven't covered and an overall comment I'd like to make.

*Q: Fine.*

TAYLOR: We've focused on me, the employee, and this would be a very incomplete story of this most interesting of jobs if I didn't discuss my wife, Ginny, and my children Mark and Courtney. I'm not gilding the Lilly when I say that my wife, like most FSO spouses, should get a Distinguished Service Award, if not a Purple Heart for sacrificial service. I dragged her around the world to face the "fun" of managing a home overseas and sacrificing any career ambitions she might have had. And I left her in Washington to cope with its snowstorms and the challenges of our children while I was in travel status overseas. (We joke that my winter trips were accurate forecasts of snow.) But she would not call much of this any sacrifice, because she too enjoyed so much that our Foreign Service experience brought. We'd rather remember the incomparable vacation times with the children in places as diverse as Tasmania, Egypt and Guatemala or the frontiers of

Afghanistan and the Inca temples of Peru, experiences that we love to relive.

Ginny made the most of her opportunities, teaching elementary school in the three posts where she could. In Tehran she earned a Masters in Education through an extension program of a U.S. university. She was glad to see an end to the bizarre episodes when spouses were subordinate to "senior spouses" and had a great opportunity in the Family Liaison Office to do pioneer work that has resulted in wider options for Foreign Service spouses.

One explanation of the higher proportion of my career in Washington than overseas was a desire to extend here when she had a good job going and when our daughter wanted to finish out her high school years. Since around 1990 Ginny has directed one of the professional training programs at the Foreign Service Institute, a great use of her training skills and overseas experience.

Now for a closing comment. I can't think of a more rewarding career in public service than the Foreign Service. I left with a great sense of gratitude. I had great assignments, learned ever so much and was privileged to work with a terrific cast of colleagues - officers, staff, the Department's Civil Service and Foreign Service Nationals. Oh yes, like most of us at this age, I feel I'm just hitting my stride and am good for some more challenges. But that's not our system. Perhaps we'll return to the practice of granting limited career extensions, but I leave a very contented person. As I tell young folk considering the Foreign Service, I had eleven quite different jobs within one career. Where can you get that variety, that challenge and that built-in need to keep growing in your profession? And although, in contrast to most FSOs, I've spent over half my career in Washington, I've lived with my wife and family in five countries and worked in some 65 others. I've never had to compromise my ethical standards - and yes, I managed to avoid assignments in areas where I might have had some strong policy differences. So, after 34 years active duty and already some post-retirement consulting, I am still an unrepentant advocate of the Foreign Service as a career.

*End of interview*